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Fiscal Year 1988

ALASKA PUBLIC UTILITIES COMMISSION

ANNUAL REPORT TO THE ALASKA LEGISLATURE

STATE OF ALASKA

STEVE COWPER, GOVERNOR

ALASKA PUBLIC UTILITIES COMMISSION
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

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December 30, 1988

Alaska State Legislature
P. O. Box V
Juneau, Alaska 99811

Dear Senators and Representatives:

Pursuant to AS 42.05.211, we herewith submit to the Legislature the Nineteenth Annual Report of the Alaska Public Utilities Commission covering the fiscal year ended June 30, 1988.

Respectfully yours,

ALASKA PUBLIC UTILITIES COMMISSION

Susan M. Knowles
Chairman

Carolyn L. Gross
Commissioner

Jonis C. Hagi
Commissioner

Kathleen L. Whiteaker
Commissioner

Peter Sokolov
Commissioner

GLH

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MESSAGE FROM THE CHAIRMAN

Fiscal Year 1988 has been a period of constructive change and continued commitment at the Commission. After completing an internal evaluation of its operations, the Commission implemented two major administrative initiatives. First, a long-range planning process was instituted so the Commission could develop a sense of direction rather than merely reacting to the multitudinous filings and diverse demands that are constantly received. With priorities established, the Commission is able to better manage and balance ongoing workload with other necessary and special projects. This planning process is described under FY89 Plan. Second, the Commission's monthly schedule of hearings, public meetings, and decision conferences was regularized so as to better serve the public. Improvements in productivity and timeliness resulting from the new scheduling are already reflected in the FY88 Report.

The operational changes which have been made have allowed the Commission to plan and begin implementation of a comprehensive approach to the telecommunications issues facing the utilities and consumers of the state largely as a result of federal decisions. It has also made it possible for the Commission, in coordination with the Alaska Power Authority, to develop a plan to review and improve administration of the Power Cost Equalization program and to fulfill legislative intent. In addition, the Commission has established as a priority project a

matter of longstanding interest: the examination of ways to simplify the ratemaking process for small utilities. These and other initiatives are discussed in detail in the FY89 Plan.

While these changes reflect the Commission's new sense of direction, it has not lost sight of its commitment to the fundamental duties which have been assigned by the Legislature. The Commission continues both to aggressively promote extension of utility services to those areas of the state where needs exist and to monitor the rates, terms, and quality of service provided by established utilities and pipeline carriers in an economy which brings unique challenges to both operators and consumers.

The Legislature will be considering a sunset review of the Commission during the upcoming legislative session. The Commission invites each legislator to visit its offices, to observe its proceedings, and to ask questions about its operations. The Commission also hopes that this report will provide useful information on what it has been doing and what it anticipates doing in the future to serve the public that the Legislature has charged the Commission with protecting.

Susan M. Knowles

Susan M. Knowles, Chairman

FY 1988
Report

AGENCY PERFORMANCE

The Alaska Public Utilities Commission is a public protection agency with responsibility for regulating public utilities and pipeline carriers. Its duties include issuing certificates of public convenience and necessity for areas or routes to qualified service providers; establishing rates, terms, and conditions of service to the public; and overseeing the practices, services, and facilities of regulated utilities and pipeline carriers. In addition, the Commission is responsible for computing the power costs and resultant assistance amounts for electric utilities participating in the Power Cost Equalization (PCE) program.

The Commission has partial or full jurisdiction over the operations of cable television (CATV), electric, gas, radio common carrier, refuse (garbage), sewer (wastewater), steam, telephone (local exchange and interexchange), and water utilities and oil and gas pipeline carriers. The regulation of some types and sizes of utilities is limited under the law. In addition, there are statutory provisions which allow the customers of cooperatives and certain small utilities to elect to be economically deregulated and which allow electric cooperatives to adjust rates using a simplified rate filing procedure.

Certificates of public convenience and necessity are currently held by 313 utilities and pipeline carriers.

Of these, 106 utilities and 16 pipeline carriers are regulated as to rates, service, practices, and facilities.

The Commission's regulatory responsibilities are fulfilled through a number of procedures, including audits, investigations, public meetings, tariff action meetings, formal adjudicatory proceedings, promulgation of regulations, informal meetings, conferences, and complaint resolution by telephone, mail, meeting, or adjudication. The Commission functions as a quasi-judicial body when rendering decisions in formal proceedings and as a quasi-legislative body when promulgating regulations. Its proceedings and determinations are governed by the statutes and regulations of the state.

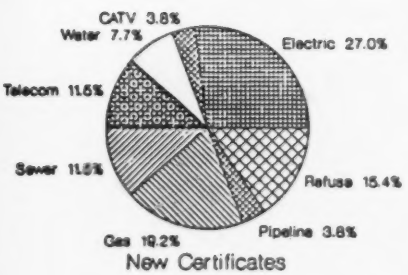
This section of the Annual Report will provide a statistical summary of the major activities of the Commission during FY88.

Certification Proceedings.

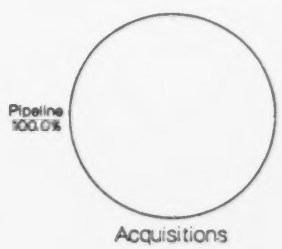
A certificate of public convenience and necessity must be obtained by every utility (with certain exceptions) and pipeline carrier proposing to provide service to the public for compensation. In addition, the Commission must approve all amendments to, or transfers of, certificates as well as acquisitions of controlling interest in certificate holders. The criteria for issuing certificates are

prescribed by law: the service must be required for the public convenience and necessity and the applicant for a certificate must be fit, willing, and able to provide the service. Uncontested certification requests are normally decided at the Commission's monthly public meetings, which are conducted under the state's open meeting laws.

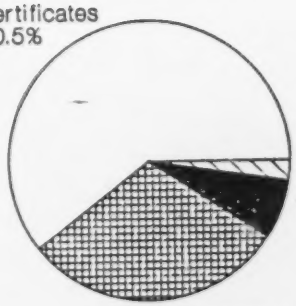
EXHIBIT I
FY88 CERTIFICATION PROCEEDING DOCKETS



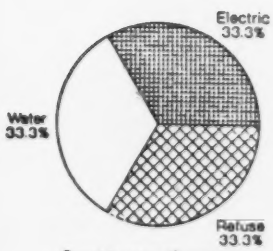
New Certificates



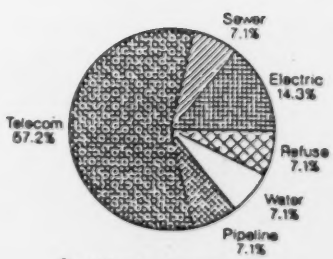
Acquisitions



Total Applications



Certificate Transfers



Certificate Amendments

During FY88 the Commission processed 43 applications for certificates. As Exhibit II shows, the overall number of certification proceedings before the Commission has remained stable. Electric utility certification requests continued to decline from the peak in FY86 presumably because most of the electric utilities identified through the PCE program already have initiated the certification process.

In addition, with disposition of the competitive applications to serve Homer, it appears that most of the economically viable CATV service areas in the state have already been certificated by the Commission. Therefore, the number of certification requests filed by this type of utility decreased further in FY88.

Another notable change is the increase in the number of gas utility certificate applications considered by the Commission. Included in this category are two major competitive proceedings involving gas distribution service in the Prudhoe Bay/Deadhorse and Homer communities.

EXHIBIT II

CERTIFICATION PROCEEDINGS

FY85-FY88

CATEGORY	FY85	FY86	FY87	FY88
New Certificates	16	36	22	26
Amendments	10	20	10	13
Certificate Transfers	6	3	9	3
Acquisitions	1	3	2	1
TOTAL	33	62	43	43
.....				
CATV	3	8	6	1
Electric	9	24	15	10
Gas	1	0	0	5
Pipeline	1	0	0	2
Refuse	2	7	11	6
Sewer	4	6	2	4
Telecommunications (Including Radio Common Carriers)	5	9	7	11
Water	8	8	2	4
TOTAL	33	62	43	43

Tariff Revisions.

Every economically regulated utility and pipeline carrier is required to maintain a tariff which sets out the terms, conditions, rules, and rates governing its provision of service to the public. All changes in a tariff must be approved by the Commission under procedures and timetables which are prescribed by statute and regulation. Tariff filings are considered at public tariff action meetings which are held twice monthly, generally on the second and fourth Fridays of each month.

Review, analysis, and disposition of tariff filings is a substantial element of the Commission's workload. During FY88, there were 263 tariff filings submitted to the Commission. Of these, 227 tariff revisions were processed routinely (generally within 45 days of receipt). The remaining 36 were suspended for further investigation because of the complexity or controversy associated with the filings. The small proportion of tariff filings which have been suspended, relative to the total received, is illustrated on Exhibit III.

EXHIBIT III
TARIFF REVISIONS - ACTIONS TAKEN
FY85-FY88

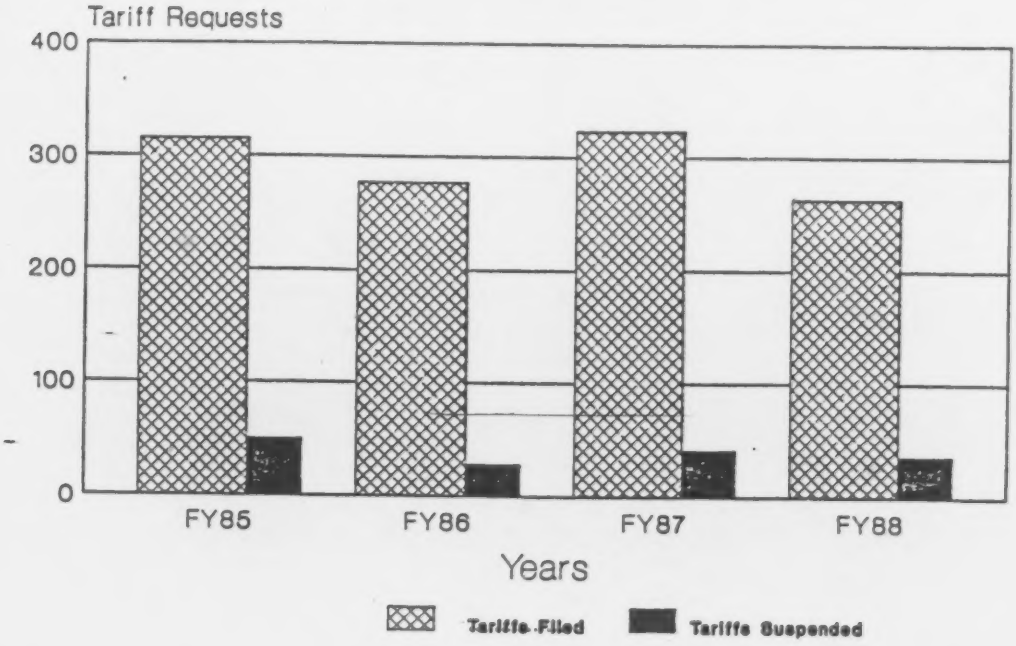


Exhibit IV presents a statistical breakdown of requests for utility and pipeline carrier tariff changes by category. Each request is counted only once regardless of the number of proposed tariff changes it includes.

In FY88 there were 14 general rate increase, three simplified rate change, and two general rate restructuring tariff filings. These tariff revisions were processed as follows: four were approved during the initial notice period; two were suspended and considered in dockets opened prior to this reporting period; and 13 were suspended and considered in dockets opened during this reporting period.

The largest number of tariff filings involve changes in fuel, gas, and purchased power surcharges; PCE levels; and non-firm power purchase rates. During FY88 a number of utilities were encouraged to provide quarterly, rather than monthly, filings to the Commission, and a reduced number of these tariff revisions was received. While the total work associated with substantive review of these filings has not decreased, processing four, rather than 12, tariff changes has produced some administrative efficiencies for both utilities and the Commission. The relative stability of fuel prices during FY88 also contributed to the decline in the number of these filings.

In FY87 there was an extraordinary increase in the number of tariff revisions for rules changes because 17 utilities filed complete revisions of their tariffs to comply with the Commission's new electric service and safety standards. While the number of rules revisions received in FY88 is lower than the record number in FY87, it continues to be above the level of previous years due to new filings for compliance with the electric utility standards.

EXHIBIT IV

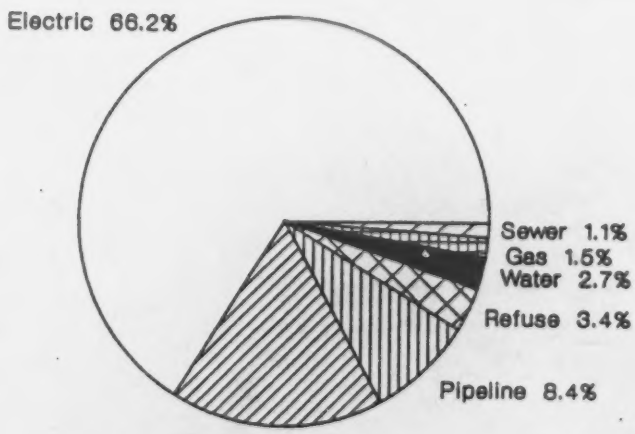
UTILITY AND PIPELINE TARIFF - REVISIONS

FY85-FY88

CATEGORY	FY85	FY86	FY87	FY88
General Rate Changes	21	12	17	14
General Rate Restructurings	2	4	4	2
Simplified Rate Filings				3
New Service/Equipment Offerings	13	24	18	11
Non-recurring Rates	38	1	14	11
Contracts	7	5	8	10
Fuel, Gas, and Purchased Power Surcharges; Power Cost Equalization Filings; Non-Firm Power Purchase Rates	205	170	172	146
Rules Changes	17	19	59	32
Miscellaneous	12	42	31	34
TOTAL	315	277	323	263

Exhibit V is a summary of the tariff filings received in FY88 by utility types and pipeline carriers. The Commission's workload continues to show that the preponderance of filings was by electric utilities both because of the rules changes discussed above and because of the adverse effects of the state's economy on their operations.

EXHIBIT V
SUMMARY OF FY88 TARIFF FILINGS



Filing by Entity Type

Formal Proceedings (Excluding Certifications).

In addition to the certifications and tariff filings discussed previously, the Commission institutes formal proceedings to consider a number of matters, including rate changes, rule changes, special contracts, complaints against utilities and pipeline carriers, investigations of service quality or management practices, and regulations. Frequently, requests for general rate increases also include a restructuring of rates. Four of the rate change filings in FY88 included both elements.

EXHIBIT VI

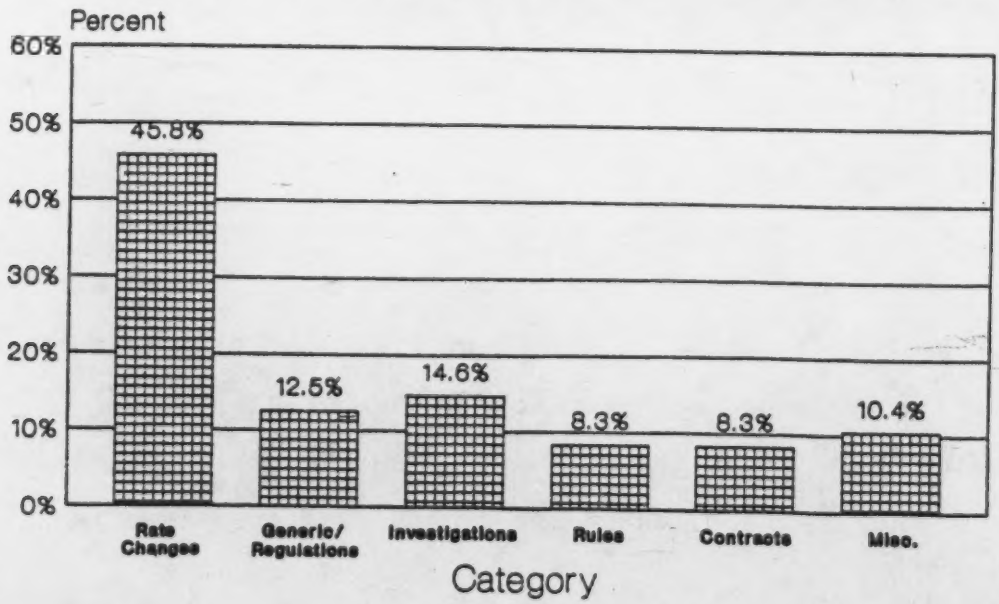
FORMAL PROCEEDINGS
(Excluding Certification Proceedings)

FY85-FY88

CATEGORY	FY85	FY86	FY87	FY88
Rate Changes:				
General Rate Changes	11	10	7	11
Rate Restructurings	2	6	6	2
New Service/Equipment Offerings	0	1	0	2
Rates - Other	10	8	11	7
Generic and Regulation Proceedings	2	2	6	6
Rules Changes	5	0	4	4
Contracts	1	3	7	4
Investigations:				
Complaints	1	0	0	4
Management Practices	2	0	2	3
Miscellaneous	7	11	14	5
TOTAL	41	41	57	48

Rate-related filings continue to be the dominant component of the Commission's formal proceedings, excluding certifications, as shown on Exhibit VII. This statistic is significant because these proceedings tend to have a long-term impact on the Commission's workload due to the time and resources required for auditing, investigation, prefiled testimony preparation, public hearings, determination and issuance of a decision, and processing any reconsideration requests.

EXHIBIT VII
COMPOSITION OF FY88 FORMAL PROCEEDINGS
(OTHER THAN CERTIFICATION PROCEEDINGS)



Orders.

The orders published by the Commission are its decisions. Substantive orders reflect findings and conclusions based on evidence included in the formal record of the Commission. Procedural orders relate to the process and schedule used for disposing of a case. Exhibit VIII shows the orders issued by category for the last four years and the continued increase in substantive orders, which have jumped 98 percent during this period.

EXHIBIT VIII

APUC ORDERS ISSUED

FY85-FY88

CATEGORY	FY85	FY86	FY87	FY88
Substantive	134	168	250	265
Procedural	267	338	174	189
TOTAL	401	506	424	454

Open Dockets.

All formal proceedings before the Commission are administered through dockets which are numbered to denote the type of proceeding, the year of its initiation, and its numerical sequence in that year. The materials, legal pleadings, and decisions relevant to a case are identified by this number and filed in the docket. After a case is

decided and costs allocated, if necessary, the docket is formally closed.

For the statistical analysis of open dockets presented in Exhibit IX, active dockets are those in which substantive decisions were pending at the end of FY88. Inactive dockets are those in which substantive decisions have been rendered, but additional action, either administrative or procedural, was still required at June 30, 1988.

There is an overall decline in the number of active dockets from FY87. This trend is even more notable if the "other/regulations" dockets, which are inherently longer term in nature and which generally are initiated by the Commission, are excluded from consideration. In addition, there continues to be a decrease in the number of inactive dockets in the "awaiting cost allocation/closing order" category. The 50 percent overall reduction experienced in this category since FY85 is evidence of the Commission's continuing efforts to timely close its dockets. However, a court decision on cost allocations, issued in May 1988, may limit or erode improvements in this area in the short term.

EXHIBIT IX

STATUS OF ALL OPEN DOCKETS

FY85 - FY88

Active Dockets

	Suspended For Investigation	Set for Hearing	Awaiting Filings	Substantive Order in Progress	Other/-Regulations	Total
FY88	55	10	10	22	18	115
FY87	70	14	8	24	7	123
FY86	78	19	3	27	2	129
FY85	62	7	5	31	4	109

Inactive Dockets
(Post Substantive Order)

	Awaiting Filings	Awaiting Cost Allocation/ Closing Order	Subsequent Phase To Be Scheduled	Court Appeals	Other/-Reconsideration	Total
FY88	7	34	2	10	4	57
FY87	7	37	0	8	2	54
FY86	15	32	2	6	1	56
FY85	20	72	4	19	1	116

FY88 Total Open Dockets	172
FY87 Total Open Dockets	177
FY86 Total Open Dockets	185
FY85 Total Open Dockets	225

Exhibit X shows a continuing decline in the number of cases pending at the end of FY88, while the number of dockets opened has remained relatively consistent. The 24 percent overall reduction in cases pending since FY85 is the result of improved case management techniques.

EXHIBIT X

CHANGE IN CASELOAD

FY85-FY88

	FY85	FY86	FY87	FY88
Pending Cases Beginning of Year	251	225	185	177
New Dockets Opened	74	103	100	91
Dockets Closed	100	143	108	96
Pending Cases End of Year	225	185	177	172
Percent Change in Pending Caseload	-10%	-18%	-4%	-3%
Overall Percent Change FY85 - FY88		-24%		

Complaints.

An important public protection and information function of the Commission is its response to complaints and concerns of utility customers and pipeline shippers. The total number of informal complaints processed during FY88 increased by 16 percent over FY87. The change is reflected almost totally in the rates and charges category and can be attributed in large part to the current economy of the state. In particular, utilities have requested rate increases to meet relatively fixed costs and expenses which are no longer covered by revenues due to declining customer numbers; and customers have experienced financial hardships which have made it difficult to meet existing, much less increasing, utility bills.

EXHIBIT XI

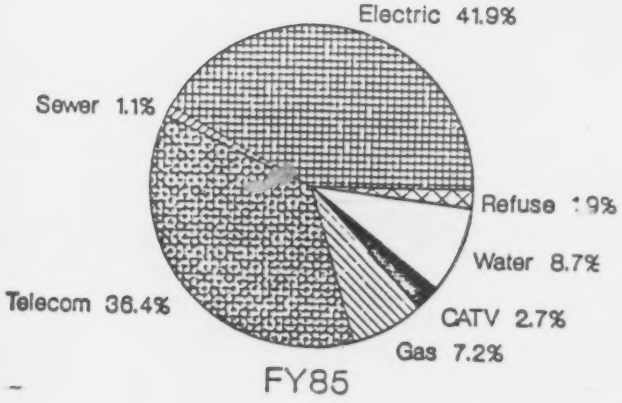
INFORMAL COMPLAINTS BY CATEGORY

FY85-FY88

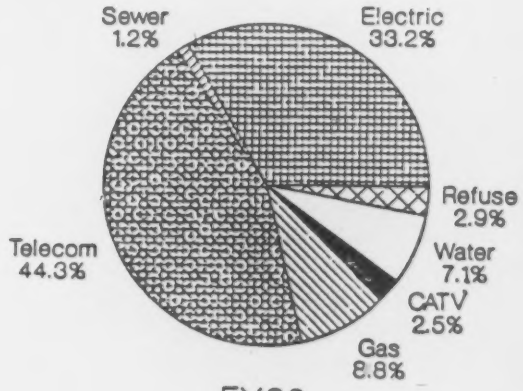
CATEGORY	FY85	FY86	FY87	FY88
Billing Practices	312	251	236	249
Rates and Charges	410	169	150	252
Quality of Service	274	252	141	122
Service Availability and Line Extensions	291	229	99	103
TOTAL	1,287	901	626	726

As Exhibit XII demonstrates, electric and telephone utilities continue to generate the majority of informal complaints. This is generally expected, since these utilities account for the greatest number of customers, the largest plant investment, and the most frequent regulatory activities.

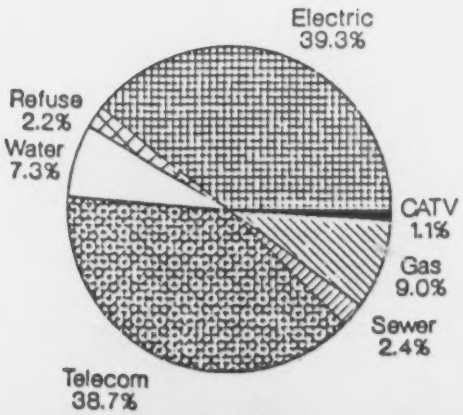
EXHIBIT XII
INFORMAL COMPLAINTS
BY ENTITY TYPE



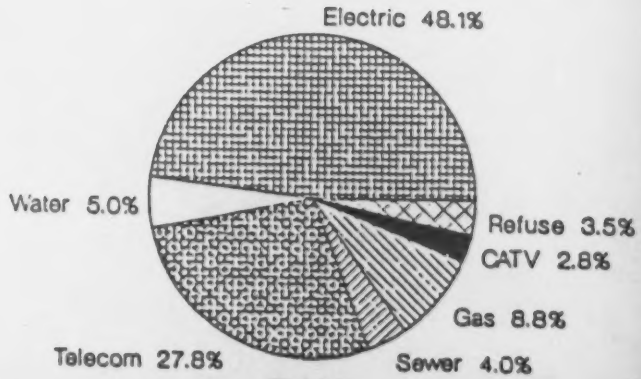
FY85



FY86



FY87



FY88

The number of telephone contacts and personal conferences handled by the Commission's consumer protection section over the past four years is shown on Exhibit XIII. During FY85 and FY86, the two professional positions in the section each handled an average of 3,400 contacts per year. Since FY87, when the section was reduced to one Consumer Protection and Information Officer, the contacts have been handled by only one professional position. While the per capita workload has increased by 25 percent, there has been a notable decline in the overall number of contacts between the Commission and consumers.

EXHIBIT XIII

CONSUMER PROTECTION/PUBLIC INFORMATION CONTACT SUMMARY

FY85-FY88

CATEGORY	FY85	FY86	FY87	FY88
Telephone Contacts[1]	7,017	6,147	4,563	4,429
Conferences[2]	277	195	136	191

[1]Includes incoming and outgoing calls.

[2]Includes meetings with consumers, shippers, utility or pipeline carrier personnel, media representatives, and other persons concerned with matters pending before the Commission.

The addition of an automated on-line consumer protection data base has helped the consumer protection section to more effectively manage the number of pending complaints even though the number of new complaints received increased since FY87.

EXHIBIT XIV

INFORMAL COMPLAINT FILE ACTIVITY

FY85-FY88

	FY85	FY86	FY87	FY88
Pending Complaints Beginning of Year	112	99	106	168
New Complaints Received	643	878	610	726
Complaints Resolved	656	871	548	769
Pending Complaints End of Year	99	106	168	125
Percentage Change in Pending Complaints	-12%	+7%	+58%	-26%

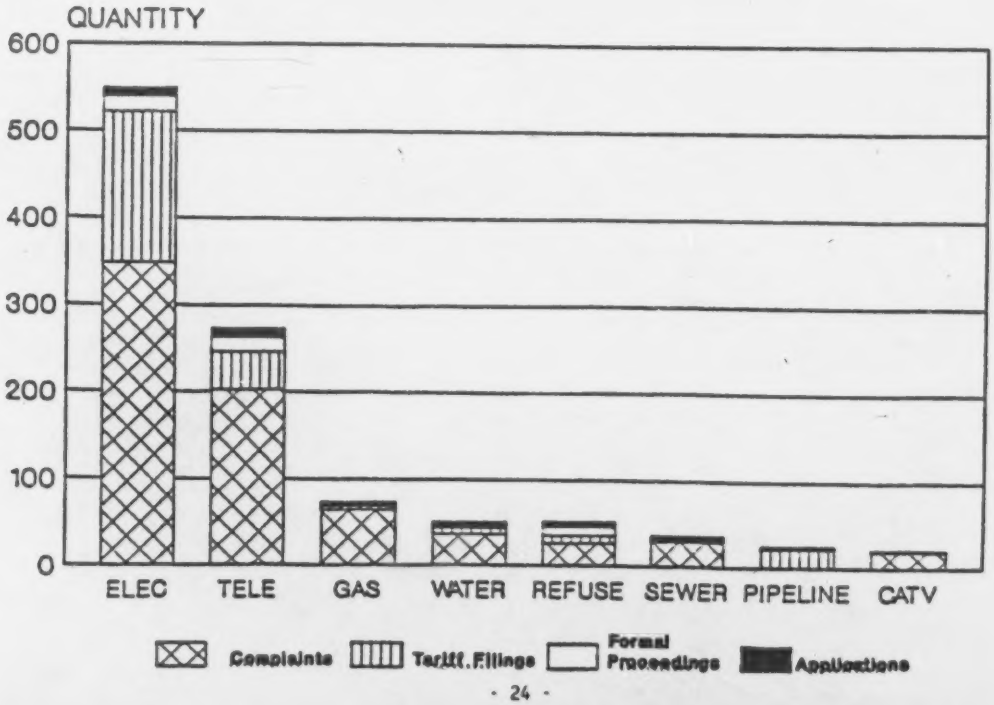
The vast majority of complaints are resolved through the informal complaint process. However, the regulations of the Commission provide procedures for instituting a formal complaint in lieu of an informal complaint or in the event an informal complaint is not satisfactorily

resolved. If a formal complaint is accepted by the Commission for adjudication, it is assigned a docket, and an investigation is instituted into the issues raised in the complaint. In FY88 four formal complaints were docketed for adjudication by the Commission.

Summary.

Exhibit XV summarizes the filings received by the Commission by type of utility and pipeline carrier and by type of filing. This provides a graphic picture of the distribution of the Commission's workload in response to actions requested primarily by regulated entities. Reacting

EXHIBIT XV
FY88 SUMMARY OF FILINGS



to these filings could easily consume the resources of the agency. However, this graph does not include any of the duties and obligations of the Commission that arise due to the actions of the branches or agencies of state, federal, or local governments or due to the initiative of the Commission itself. These activities are equally important to the Commission fulfilling its regulatory responsibilities.

The next section of this report (Significant Events) will provide a narrative description of the most significant actions of the Commission during FY88.

SIGNIFICANT EVENTS

ENERGY

Power Cost Equalization.

As required under AS 42.05.141 and AS 44.83.162 -- 44.83.164, the Commission determines the eligibility for participation in and the amount of assistance that an electric utility is to receive under the Power Cost Equalization (PCE) program. The Commission makes these determinations for both regulated and unregulated electric utilities; and as of the end of FY88, there were 25 regulated and 77 unregulated utilities receiving PCE assistance. (See pp. 108-111 of this Report for detail.)

Following review of its PCE monitoring and filing procedures, the Commission in FY88 simplified the annual report forms for unregulated utilities. The Commission also entered into a Memorandum of Understanding with the Alaska Power Authority (APA) in which the Commission and the APA agreed, among other things, that, in addition to its audits for establishing the level of PCE assistance, the Commission would perform desk and field audits of participating utilities covering areas of interest to the APA; that the PCE participants should be required to maximize the generation efficiency of their systems and to minimize line losses; and that the two agencies should prepare draft PCE regulations.

Requests of Chugach Electric Association, Inc., To Increase and Redesign Rates.

In late FY87, Chugach Electric Association, Inc. (Chugach), filed a request for a 4.48 percent rate increase, which the Commission approved on an interim, refundable basis for energy and demand changes. Subsequently, in early FY88 Chugach increased its rate request to 5.2 percent. The Commission granted Chugach a 4.94 percent interim, refundable increase to energy and demand charges pending investigation and establishment of permanent rates. At the request of Matanuska Electric Association, Inc. (MEA), and Homer Electric Association, Inc. (HEA), wholesale purchasers of electricity from Chugach, the Commission subsequently modified the methodology used to allocate interim rate increases between wholesale and retail customers, and the 4.94 percent interim increase was adjusted to 4.65 percent for wholesale customers and 5.10 percent for retail customers.

The request by Chugach was opposed by MEA and HEA, and also by the Alaska Consumer Advocacy Program. Issues which were raised by the parties included the allocation of interest coverage requirements between generation/transmission plant and distribution plant and the allocation of

reserve capacity to "all requirements" and "contract" customers, both of which issues had been litigated in a previous Chugach proceeding but which the parties wished to revisit. Other issues included the appropriate ratemaking treatment of expenses related to the strike of Chugach by its union employees and adjustments related to employee reductions associated with lower economic activity levels. The Commission held extensive public hearings (April 4-19, 1988) on Chugach's rate proposal. Decision on this matter will be made in early FY89.

Bettles Light and Power, Inc.'s Request for a Rate Increase.

In November, 1987, Bettles Light and Power, Inc. (Bettles), filed a request for a 43.12 percent increase in its rates. Because of concerns raised by Commission Staff (Staff) with regard to several of the expenses underlying the filing, the Commission suspended Bettles' request for investigation and in January, 1988, granted Bettles a 24.23 percent interim, refundable increase pending completion of the investigation. In prefiled testimony submitted after audit of the utility, Staff recommended that Bettles be allowed an increase of only 10.53 percent above permanent rates but later amended its calculations to recommend an 11.12 percent rate increase. After initially failing to file testimony in reply to that submitted by Staff, Bettles requested, and was granted, an extension of time to respond

to Staff's testimony/recommendations. Ultimately, however, Bettles elected not to proceed to hearing to support its rate request. After review of the written record, the Commission ordered Bettles to reduce its rates to the 11.12 percent permanent rate increase level recommended by Staff and to refund to its ratepayers all monies collected above that level as interim rates; i.e., the difference between 24.23 percent and 11.12 percent. The refund requirement also applied to overcollection of power cost equalization monies.

Request of Manley Utility Company, Inc., To Increase Rates.

Manley Utility Company, Inc. (Manley), a wholly-owned subsidiary of United Utilities, Inc., filed a request to increase its rates by 66.72 percent. Manley's increase request was attributable, in large part, to the fact that after acquiring the utility from the previous owners it had replaced much of the utility's generation and distribution system. The proposed increase, however, drew significant opposition from Manley's ratepayers. At a public hearing held in Manley, Alaska, numerous ratepayers testified that a great deal of time and money had been wasted by the utility during construction of the distribution system due to inefficient work practices and lack of management oversight. Witnesses further testified that the utility's generators

had failed because of improper operating procedures and a lack of proper maintenance.

Based on the testimony of Manley's ratepayers and the Commission Staff, the Commission made several adjustments which reduced the rate increase granted to Manley. Based on a finding that the construction of the distribution system had been imprudently managed, the Commission disallowed $10,000 of the construction cost from the utility's rate base. Also, based on a finding that the utility had improperly maintained its previous generator and had then purchased an inappropriately sized generator, the Commission disallowed write-off of the previous generator and computed fuel cost based on the fuel efficiency which would have been achieved by an appropriately sized generator. The decisions resulted in an increase to Manley of 45.97 percent and a refund of interim rates collected in excess of that level.

Request of Homer Electric Association, Inc., for a Rate Increase and Rate Redesign.

The request of Homer Electric Association, Inc. (HEA), for a rate increase and rate redesign was resolved by Commission approval of a stipulation between HEA and Commission Staff thus obviating the need for hearing. The revenue requirement approved for HEA was based on a Times Interest

Earned Ratio (TIER)[1] of only 1.64, which was significantly below the TIER previously approved for HEA and other electric cooperatives, but HEA requested a TIER at that level to forestall a greater rate increase. Although deviating in some respects from the requirements of the Commission's cost-of-service/rate-design regulations, HEA's stipulated rate design was also approved because it represented a significant improvement over the preexisting rate design. However, the Commission required HEA to address the rate-design and cost-of-service questions in its next rate case.

Request of Chugach Electric Association, Inc., To Change Pricing of Economy Energy Transactions; Trial Period of Deregulation of Economy Energy Transactions.

Chugach Electric Association, Inc. (Chugach), filed a proposal to revise its tariff to allow the pricing of economy energy sales based on the replacement cost of gas rather than on the actual cost of gas at its Beluga generating facility. In its proposal Chugach also requested special accounting treatment for margins earned on such economy energy sales. Chugach's request stemmed from the fact that it now has a contract to purchase a limited quantity of gas

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[1]TIER is the ratio of net operating margins plus interest expense to interest expense and is the mechanism most often used in calculating the allowed return for Rural Electrification Administration cooperatives.

at rates which are very significantly below current market prices. Because it considers that gas supply an important asset of its retail customers, Chugach did not wish to use that gas to generate electricity for economy energy sales to other utilities (primarily utilities in Fairbanks) at prices based on the actual cost of the gas. However, Chugach desired to use the gas to generate energy for economy energy sales if it could make such sales at a price based on its expected replacement cost of gas. Chugach also desired to place a portion of the profits from such sales in a special account to offset gas cost increases which would occur when the low-cost gas supply was exhausted. Chugach's proposal was supported by Matanuska Electric Association, Inc. (MEA), one of its wholesale customers, but was opposed by the Municipality of Anchorage d/b/a Municipal Light and Power Department (ML&P), Chugach's primary competitor for sales of economy energy to Fairbanks.

After a public hearing, the Commission found that Chugach's decision not to sell economy energy based on the actual price of its low-cost gas was reasonable and that its proposal to make such sales based on a gas cost nearer market price offered numerous advantages which outweighed the limited harm to ML&P. The Commission also determined that Chugach should be allowed to deposit a portion of the

profits from such sales in a special account to offset future gas costs.

Moreover, the Commission also found that substantial evidence had been introduced during the hearing that the market for economy energy sales was very competitive and that price regulation of such sales by the Commission was not needed, except for the establishing of minimum and maximum prices within which actual prices could be negotiated by the seller and buyer. Therefore, the Commission proposed such limited deregulation for a trial period of one year and allowed an opportunity for comment by interested parties. All interested parties except ML&P supported the proposal, and the Commission rejected the arguments of ML&P against the proposal. Therefore, the one-year period of limited deregulation of economy energy sales began on April 15, 1988. The Commission will report on the results of this trial deregulation in its FY89 Annual Report.

Contract Among Chugach Electric Association, Inc.; Matanuska Electric Association, Inc.; and Alaska Electric Generation and Transmission Cooperative, Inc.

Near the end of FY87, Chugach Electric Association, Inc. (Chugach); Matanuska Electric Association, Inc. (MEA); and Alaska Electric Generation and Transmission Cooperative, Inc. (AEG&T), filed and requested approval of an agreement for the sale and purchase of electric power and

energy. The "tripartite contract" is a long-term contract which defines the energy supply relationship between Chugach and MEA and resolves issues which had been pending for several years. The contract also recognizes AEG&T as the legal "conduit" through which Chugach supplies power to MEA, and the contract provides MEA with options to provide its own generation resources, through AEG&T, in the future.

A public hearing on the contract was held February 1-5, 1988. The primary issues raised at the public hearing concerned provisions of the contract dealing with "qualifying facilities" (QF) under the Public Utility Regulatory Policies Act of 1978 (PURPA). Valley Energy Corporation, a QF which had been attempting to sell power to MEA, alleged that the contract would force it to sell power to Chugach rather than to MEA and, thus, was in violation of PURPA.

Decision on the tripartite contract is expected in early FY89.

Request of Homer Electric Association, Inc., for Approval of "Incentive Rate" Contracts with Fish Processors.

Homer Electric Association, Inc. (HEA), requested approval of agreements with sixteen fish processors which would have given the processors rate discounts of 50 percent for all energy purchased above the amount purchased during the same month in 1987. For new customers, the 50 percent

discount would apply to all energy usage above that necessary to achieve a "load factor" of 40 percent. HEA cited excess capacity, the need to promote sales, and a desire to stimulate the economy as factors in support of its proposal. HEA also requested approval of service upgrade agreements with certain of the fish processors. The service upgrade agreements provided a credit of $3,450 toward the cost of upgrades, financing for the balance, and an additional credit for energy purchased under the incentive rate agreements.

The Commission did not approve the proposed contracts for several reasons: HEA provided no evidence that the proposed incentive rates were cost justified; HEA had performed no studies to determine the effect that implementation of the contracts might have on its load; the "incentive" rate for some energy sales would be less than the cost of production; the justification for the incentive rates to customers in the area south of Katchemak Bay was contrary to the evidence HEA had submitted in its rate design proceeding to justify a higher rate to those customers; and the proposal could create rate discrimination by charging similar customers different rates for the same level of consumption. The Commission did, however, approve the service upgrade agreements, with the exception of the

provision allowing an additional credit for energy purchased under the incentive rate agreements.

Inquiry of Chugach Electric Association, Inc., Re Refinancing of Its Long-Term Debt.

In February, 1988, Chugach Electric Association Inc. (Chugach), had the opportunity to refinance a portion of its long-term debt at reduced interest rates pursuant to provisions of the federal Omnibus Budget Reconciliation Act of 1987. Because the total amount of refinancing available nationally was limited and applications, except those by certain "priority" utilities, were processed on a "first-come, first-served" basis, Chugach requested that the Commission state that the refinancing was not subject to approval by the Commission. Chugach, Commission Staff, and Chugach's wholesale customers (Homer Electric Association, Inc.; Matanuska Electric Association, Inc.; and Alaska Electric Generation and Transmission Cooperative, Inc.) filed a stipulation stating that the refinancing would benefit ratepayers and requesting the Commission to grant Chugach's request. The Commission approved the stipulation in FY88 and stated that the refinancing was not subject to the approval of the Commission.

Proposal of ENSTAR Natural Gas Company To Require Contracts from Power Customers.

Following resolution of rate design changes for ENSTAR Natural Gas Company (ENSTAR) in FY87, the Commission held hearings on the proposal of ENSTAR that its power customers (Chugach Electric Association, Inc. (Chugach); the Municipality of Anchorage d/b/a Municipal Light & Power Department (ML&P); and the Department of Defense) be required to execute three-year, all-requirements contracts with ENSTAR. The proposal of ENSTAR was intended to avoid adverse consequences to its remaining ratepayers which might result if large customers suddenly discontinued purchases. The power customers, on the other hand, sought to protect their right to obtain lower-priced gas from sources other than ENSTAR, and they proposed that ENSTAR be required to transport any such gas supplies.

The Commission rejected ENSTAR's proposal to require contracts because it did not provide sufficient flexibility to deal with future supply options which might be available to the power customers. However, the Commission also required Chugach and ML&P to submit any future gas supply contracts to the Commission for approval, and the Commission determined that gas transportation rates would be

established on a case-by-case basis. The Commission provided guidance to Chugach and ML&P regarding the criteria any future gas supply contracts should meet and noted that contracts must be in the overall public interest, including the interests of ENSTAR and its ratepayers and the interests of Chugach, ML&P, and their ratepayers.

Complaints of Mat-Su Energy Company and Valley Energy Company Against Matanuska Electric Association, Inc.

Resolution of the complaints by Valley Energy Company (VEC) and Mat-Su Energy Company (Mat-Su), qualifying facilities under PURPA, was delayed during FY88 by extensive discovery requests and by consideration of the tripartite contract between Chugach Electric Association, Inc.; Matanuska Electric Association, Inc. (MEA); and Alaska Electric Generation and Transmission Cooperative, Inc. The discovery disputes between VEC and MEA were so extensive that, at the request of the parties, the Commission appointed a discovery master to deal with those disputes. Those disputes have now been resolved. The Commission anticipates that VEC and Mat-Su will clarify their complaints and that the matters will proceed to hearing in FY89.

Complaint of SGI International, Inc., Against the Municipality of Anchorage d/b/a Municipal Light and Power Department.

During FY87, SGI International, Inc. (SGI), a qualifying facility under PURPA, had requested the Commission to prohibit the Municipality of Anchorage d/b/a Municipal Light and Power Department (ML&P) from signing a contract with the Alaska Power Authority (APA) to purchase Bradley Lake power. Although the Commission had denied that request, it had, instead, required ML&P to file any contract it signed for Bradley Lake power with the Commission for approval in accordance with AS 42.05.431(b). As noted in the last annual report, the legislature was considering amendments to AS 42.05.431(b), and the effect of those amendments was unknown at that time.

The legislature did pass an amendment to AS 42.05.431(b) which removed the authority of the Commission to review and approve contracts between regulated utilities and the APA for sale of power from Bradley Lake, and the law was signed by the Governor. The Commission, therefore, vacated the requirement that ML&P file its contract for purchase of Bradley Lake power and required ML&P and SGI to address in briefs the issue of what effect ML&P's purchase of Bradley Lake power has on the computation of the avoided

cost at which ML&P must purchase power from SGI. Those briefs have been filed and a decision by the Commission will be issued in FY89.

Complaint of Alaska Energy Management Against Golden Valley Electric Association, Inc.

After determining in previous fiscal years the avoided cost at which Golden Valley Electric Association, Inc. (GVEA), must purchase energy and capacity from Alaska Energy Management (AEM), the Commission in FY88 established procedures to resolve disputes regarding the terms and conditions of a contract between GVEA and AEM. A public hearing was scheduled to resolve those disputes; however, prior to the hearing, GVEA and AEM informed the Commission that substantial progress had been made towards reaching a negotiated settlement on all outstanding issues. Therefore, the Commission cancelled the public hearing and required the parties to submit periodic reports on their progress towards a contractual agreement.

Natural Gas to Homer.

Among the many energy certification matters before the Commission in FY88 was the application by Mountain Alaska Energy, Inc. (MAE), to be certificated as a gas distribution and transmission public utility in and around Homer, Alaska. In response to public notice of MAE's application,

the Commission received a statement of intent to file a competing application from All Alaska Enterprises, whose assets were subsequently purchased by Lakloey, Inc., and which entity ultimately filed the competing application. While requiring compliance with due process requirements, the Commission also considered requests for expedited consideration of the applications and set accelerated filing and hearing schedules. Shortly before the scheduled hearings, however, Lakloey, Inc., withdrew its application. The consumer public hearing on MAE's application went forward to allow comment on MAE's proposal. In June, 1988, the Commission approved MAE's application, subject to several conditions regarding permanent financing and reliable gas contracts.

Natural Gas to Prudhoe Bay/Deadhorse.

Also before the Commission in FY88 was the application by Norgasco, Inc. (Norgasco), to become certificated as a natural gas public utility in the Prudhoe Bay/-Deadhorse area. In response to public notice of Norgasco's application, Polestar Energy, Inc. (Polestar), filed a statement opposing Norgasco's application and indicating its intent to file a competing application within 90 days of that public notice. Polestar then requested another 90-day

extension of the competing application deadline beyond the original 90 days. The Commission granted Polestar's request in part, allowing it an additional 60 days to complete its application. The Commission further established new filing and hearing dates for consideration on a relatively expedited basis of the competing applications and appointed an independent hearing officer. A petition to intervene by Arctic Utilities, Inc., an electric utility and the sole certificated utility in the Prudhoe Bay/Deadhorse area, was also granted. Hearing and decision on the competing applications are pending in FY89 and will be discussed in the Commission's next annual report.

Deregulation.

In FY88 deregulation elections were held for customers of Homer Lee Leonard d/b/a Egegik Light and Power and of Nushagak Electric Cooperative, Inc. The majority of customers of each utility voted to become deregulated. In addition, the Commission waived revenue requirement regulation for Takotna Community Association, Inc., and Puvurnaq Power Company.

Amendments to Provisions of the Electric Service and Safety Standards.

Responding to a petition filed by the Alaska Rural Electric Cooperative Association in FY88, the Commission amended its electric service and safety standards by adding a provision to allow an electric cooperative to require membership in the cooperative as a condition of providing service. The amendment was intended to ensure that cooperatives' tax-exempt status would not be jeopardized.

In the same regulation proceeding, the Commission also considered requests from several electric utilities that the electric service and safety standards be amended to allow limited backbilling for under-registering meters of wholesale and large commercial customers since the existing prohibition against such billing could pose a significant financial risk to utilities and their other ratepayers. The Commission amended its regulations to allow utilities to charge large commercial, large power, and wholesale customers for underbillings for no more than the four previous months.

TELECOMMUNICATIONS

Request of United Utilities, Inc., for Rate Increase.

A request of United Utilities, Inc. (UUI), for a rate increase was resolved by Commission approval of a stipulation between UUI and Commission Staff (Staff). In early FY88 the Commission granted UUI interim increases of 26.59 percent to local private line service and 24.07 percent to local access line and mileage service and also approved other tariff changes. After audit by Staff, UUI and Staff stipulated that the interim rate increases were just and reasonable and should be made permanent. Although that stipulation was approved by the Commission, the Commission did note concerns regarding dividend payouts by UUI and indicated that such payouts would be reviewed in future cases.

Requests of Telephone Utilities of the Northland, Inc., and Telephone Utilities of Alaska, Inc., for Rate Increases and Rate Redesign.

In early FY88, rate revision requests were filed by Telephone Utilities of the Northland, Inc. (TUNI), requesting a 52 percent interim increase to telephone rates in the former Sitka Telephone Company (STC) area and an interim decrease of 3 percent to rates in the former Glacier

State Telephone Company (GSTC) area, and by Telephone Utilities of Alaska, Inc. (TUA), requesting a 78 percent interim increase to rates in the Ft. Wainwright service area.

The Commission considered the interim rate increase requests in light of the intent of TUNI and TUA to subsequently implement substantial rate redesigns for their service areas which could result in permanent rates markedly different than the interim increases proposed. On that basis, the Commission approved the 78 percent interim increase for the Ft. Wainwright area of TUA where little variation was anticipated but denied the interim increase and decrease requested by TUNI for the STC and GSTC service areas, respectively. The Commission ordered TUNI and TUA to file their permanent rate requests. Subsequent to the filing of the permanent rate requests for the companies, TUNI and TUA were ordered to file cost-of-service and rate-design studies to support their requests. Those filings are pending, and these proceedings are currently scheduled for hearings in March, 1989.

Consideration of Proposed Changes in the Rate Design of Alascom, Inc.

Among the many telecommunications issues under consideration by the Commission is the rate design of Alascom, Inc. (Alascom), which was proposed in 1987. The filing

has generated a substantial amount of interest and opposition to certain of its elements; and in May, 1988, Alascom and Commission Staff filed a joint request for an extension of time and rescheduling of the public hearing on the proposed rate design. In view of that request and the Commission's order establishing procedures for the resolution of the various related telecommunications issues, the public hearing in this matter is now scheduled for February, 1989. In addition, the Commission received a request from the Bethel Native Corporation that the Commission hold public hearings in Bethel on the proposed changes by Alascom to its intrastate long distance rates and rate structure. Based on this and other similar requests, the Commission anticipates holding a statewide teleconference in FY89 to take public testimony on Alascom's proposed rate design.

Investigations into the Financial and Management Practices of the Municipality of Anchorage d/b/a Anchorage Telephone Utility.

In part because of facts discovered during hearing of the complaint by Alascom against Municipality of Anchorage d/b/a Anchorage Telephone Utility (ATU), the Commission opened investigations into the financial practices and management of ATU. The investigation into the financial practices and condition of ATU began with an audit of the utility by Commission Staff (Staff), through consultants.

However, ATU subsequently filed for a permanent rate increase and also for approval of a special contract and tariff to provide Integrated Business Services. These three matters have now been consolidated for Commission consideration. At the request of the parties, which include Alascom and Comtec Enterprises, Ltd., the filing schedules have been revised, and the hearing is now scheduled to begin in late November, 1988.

As part of the investigation into the management practices of ATU, the Commission required its Staff to propose the scope of issues to be considered. Staff filed that proposal in April, 1988. By that time, however, ATU had significantly different management personnel from those in place when the investigation was opened. For that reason the Commission determined that rather than proceeding with a full management audit, it would be preferable to allow the utility an opportunity to describe the actions that have been taken to improve utility management. ATU has submitted its initial response to the Commission's inquiry, and the Commission is now considering what further action in this case is appropriate.

Complaint of Alascom, Inc., Against the Municipality of Anchorage d/b/a Anchorage Telephone Utility.

As reported in the Commission's FY87 Annual Report, lengthy hearings in this case lead to a determination that the Municipality of Anchorage d/b/a Anchorage Telephone Utility (ATU) must pay Alascom, Inc. (Alascom), approximately $22 million in excess monies not including interest or other issues raised after hearings were completed, which ATU withheld from settlements with Alascom during the years 1980-1985. In FY88, it was determined that the total amount due from ATU to Alascom was $26,604,486, including interest and resolution of all other issues. The Commission's decision in this matter is on appeal by ATU to the Superior Court.

Alascom, Inc.'s Petition for Declaratory Ruling Filed with the Federal Communications Commission Regarding Jurisdiction of Private Lines Used Jointly for Intrastate and Interstate Services.

In March, 1988, Alascom, Inc. (Alascom), requested clarification from the Federal Communications Commission (FCC) as to the jurisdiction of private lines to be installed by the State Division of Telecommunications to provide private line telecommunications between State offices in Juneau and Anchorage. The State had designated the private lines as interstate circuits because they would be

interconnected in Juneau to existing interstate tie lines. However, Alascom claimed that the circuits should be classified as intrastate because they would replace an existing Alascom facility which had been providing telecommunications service to the State for the last 18 months under Alascom's intrastate tariff and would carry a *de minimis* amount of interstate traffic.

After discussion at several Public Meetings, the Commission submitted in May, 1988, initial and reply comments to the FCC on Alascom's petition. Due to the national significance of this matter and recent state, federal, and judicial determinations, the Commission recommended that the FCC refer the issue of jurisdictional allocation of private line costs to either one of two FCC Federal/State Joint Boards: (1) the Joint Board charged with determining the proper separations treatment of joint use WATS special access lines (FCC Docket CC 80-286); or (2) the Joint Board investigating the appropriate method of defining interstate and intrastate traffic associated with Feature Group A and B access services for the purpose of jurisdictionally assigning the costs of local loops and trunks used to provide those services (FCC Docket CC 85-124). Alternatively, the Commission recommended that the FCC establish a new joint board for prompt resolution of this jurisdictional issue.

Regulations of General Communication, Inc., To Provide Intrastate Long Distance Telephone Service, and Other Telecommunication Issues.

In FY88 the Commission continued to deal with a myriad of issues related to changes in the telecommunications industry prompted, at least in large part, by federal actions. In February, 1988, a public hearing was held on the revised regulations proposed by General Communication, Inc. (GCI), to allow competition in intrastate long distance service in selected urban areas. The comments of several parties in that proceeding recognized the interdependence of several telecommunications issues before the Commission, and Commission Staff (Staff) recommended that the issues of access charges, separations manual changes, and Alascom's cost-of-service study and rate structure be addressed before regulations governing competition were extended. Although GCI preferred a more expedited approach, it agreed with Staff in principle and stated that Staff's approach provides a workable means of addressing and resolving the issues which must be faced.

Subsequently, in late FY88 the Commission issued an order which defined objectives of telecommunications policy, proposed regulations on several matters, and established procedures and schedules for resolving the many

related matters before the Commission. Hearing on these matters are scheduled throughout the remainder of FY89.

Regulations Regarding Uniform System of Accounts for Telephone Utilities.

In response to dramatic changes in the telecommunications industry, the Federal Communications Commission (FCC) in 1986 adopted a new Uniform System of Accounts (USOA) for telephone utilities designed to provide the data base necessary to facilitate regulatory decisionmaking. To foster the same goals and allow uniformity between jurisdictions, this Commission proposed regulations adopting the same USOA with minor modifications and exclusions. After receiving public comment on the proposal, the Commission revised and adopted the proposed regulations. Most of the modifications to the FCC's version of the USOA which were adopted by the Commission relate to dollar limits for which certain accounting treatments are allowed and for defining Class A and Class B utilities. The modifications approved by the Commission were deemed appropriate in view of the relatively smaller size of most of the telephone utilities operating in Alaska.

Applications To Provide Cable Television Service in Homer.

In FY88 the Commission held comparative hearings in Homer and Anchorage on the applications of Alaska West

Cable Vision, Inc. (Alaska West), and McCaw/Rock Homer Cable System (McCaw/Rock), each of which sought to be certificated as the sole provider of cable television utility service in Homer. The Commission accepted the independent Hearing Officer's recommended decision which concluded that McCaw/Rock was the most fit and able entity to provide cable television service in the Homer area. Among other things, the Commission concurred that the McCaw/Rock joint venture had a financing plan superior to that of Alaska West and that McCaw/Rock presented a solid management team with considerable experience in Alaska relative to that presented by Alaska West.

Application of Gerstein Communications To Provide Cable Television Service in Portions of Fairbanks.

Another cable television proceeding before the Commission in FY88 was the application filed by Gerstein Communications (Gerstein) seeking to be certificated in several areas in Fairbanks. Inasmuch as portions of Gerstein's requested service area overlapped that already certificated to Cooke Cablevision, Inc. (Cooke), Cooke petitioned to intervene in the Gerstein proceeding. The Commission granted Cooke's petition and established hearing and filing schedules for disposition of Gerstein's application. Prior to the hearing, Gerstein and Cooke filed an agreement in which they agreed, among other things, that Gerstein

should serve the Lakloey Hills area previously certificated to Cooke but that Gerstein would amend its application to delete the South Cushman vicinity as part of its proposed service area since Cooke was constructing its cable facilities in that area. The Commission approved Gerstein's application, as amended, subject to certain construction deadlines and performance standards.

Application of Sonic Cable Television of Alaska, Inc., To Acquire Bethel Cablevision, Inc.

The Commission approved an application by Sonic Cable Television of Alaska, Inc. (Sonic), to acquire 100 percent ownership of Bethel Cablevision, Inc. (BCV). The Commission initially expressed concern that Sonic was not financially fit to obtain BCV and that its financial condition might result in either reduced service or increased rates to BCV customers. However, after requiring further evidence from Sonic, the Commission approved the acquisition with the condition that Sonic inspect the BCV facilities for National Electrical Safety Code violations and report to the Commission on steps to remedy the violations.

REFUSE, SEWER, AND WATER

Request of the Municipality of Anchorage d/b/a Anchorage Water Utility To Increase Its Rates.

A lengthy proceeding regarding the rates of the Municipality of Anchorage d/b/a Anchorage Water Utility (AWU) which was characterized by successive rate increase requests by the utility was under consideration in FY87. In response to AWU's rate increase filing, the Commission suspended the utility's request for a permanent rate increase but granted AWU an interim increase of 6.59 percent pending investigation of the permanent filing. However, AWU subsequently amended its filing to raise its permanent rate increase request from 19.97 percent to 25.11 percent and to raise its interim rate increase request to 9.55 percent. The Commission granted the additional interim rate increase, but immediately following that approval, AWU requested a further interim rate increase, this time to 25.11 percent above existing permanent rates. AWU argued that the increase was needed during the remaining months of 1987 so that the utility could avoid breaching its bond covenants for the year 1987. That controversial request was also granted by the Commission to prevent the possibility of default. However, the Commission limited the additional

interim increase to the remaining months of 1987 and subsequently denied a request by the utility to continue the additional interim increase into 1988 to allow the utility to market additional bonds. Instead, the Commission required that effective January 1, 1988, the interim rate level be reduced to 16.70 percent above permanent levels.

In June, 1988, the Commission Staff and AWU filed a stipulation in which they agreed that the 1988 bond sale by the utility would not take place and that no additional rate increase was necessary. They further agreed that the existing 16.70 percent interim increase would become effective on a permanent basis and that AWU would not be required to refund any monies collected on an interim basis. The Commission anticipates issuing a decision on this matter in early FY89.

Request of College Utilities Corp. for Rewrite of Sewer and Water Tariffs.

Before the Commission in FY88 were the filings of College Utilities Corp. (CUC), a utility with both water and sewer operations in the Fairbanks area, for complete new tariffs for both operations. Although in both cases the utility proposed four substantive tariff revisions, the primary purpose for the reissuance of the tariffs was to correct minor errors and make minor language clarifications.

The four substantive tariff revisions proposed were (1) to change the payment due date, (2) to add technical materials specifications for service lateral lines, (3) to limit to five years the time for reimbursement and refunding of customer advances for main extensions, and (4) to create a nonrecurring rate schedule including some already approved charges and some proposed new charges.

The Commission Staff (Staff) reviewed CUC's filings and made several recommendations for changes in the proposed tariffs to conform with Commission policies regarding deposits, customer billings, etc. Following a prehearing conference on CUC's proposals and Staff's recommendations, the Commission approved the utility's proposed revisions in part but required it to make several changes to conform with Staff's recommendations and Commission policy directives.

Investigation into the Reasonableness of the Rates of Far North Sanitation, Inc.

After approving acquisition by Far North Sanitation, Inc. (Far North), of the assets of its competitor and revoking an exemption from regulation which had been granted based on the existence of competition, the Commission instituted an investigation into the rates of Far North based on initial evidence that those rates might be excessive. A

public hearing was held on March 1-2, 1988, in both Fairbanks and Anchorage. The Commission subsequently adopted the Hearing Officer's proposed decision that Far North should be required to reduce its rates and make refunds to ratepayers. Far North has been ordered to reduce its rates by approximately 23 percent.

Investigation into the Reasonableness of the Rates of Drake's Sanitation, Inc.

During FY88 the Commission conducted an investigation into the reasonableness of the rates charged by Drake's Sanitation, Inc. (Drake). The proceeding was initially instituted based on both a preliminary investigation of Commission Staff and a complaint filed by the Fairbanks North Star Borough (FNSB) alleging that Drake's rates were too high. However, Drake and FNSB subsequently stipulated to a dismissal of the FNSB complaint, and financial information submitted by Drake showed that the present level of its rates was justified. Therefore, these proceedings were concluded without any change in Drake's rates.

Investigation into the Reasonableness of the Rates of Ralph E. Bartlett d/b/a Interior Services.

The Commission also commenced an investigation into the reasonableness of the rates charged by Ralph E. Bartlett d/b/a Interior Services (Interior) after the filing

of complaints by both Commission Staff and the Fairbanks North Star Borough (FNSB). Staff had alleged that Interior had failed for several years to file a tariff with the Commission in spite of the fact that its revenues exceeded $200,000, and FNSB had alleged that the rates of Interior were unjustly high. Although Interior initially failed to comply fully with filing requirements established by the Commission, the investigation is now proceeding and a hearing is scheduled for November, 1988. Also under consideration are the proposals which Interior subsequently filed to increase rates and add a "tipping fee" and late payment charge to its tariff.

Consideration of the Rate Design of the Municipality of Anchorage d/b/a Anchorage Sewer Utility.

As discussed in the Commission's last Annual Report, following lengthy hearings the Commission required implementation of substantial changes to the rate structure of the Municipality of Anchorage d/b/a Anchorage Sewer Utility (ASU). Among other things, the Commission determined that charges to commercial customers should be based on usage rather than classification, and in FY88 the Commission approved a plan of the utility to install usage meters on all commercial customers, with certain exceptions where the cost of installation would be prohibitive. The Commission also addressed a dispute which had been outstanding for

a number of years between ASU and its military customers by accepting ASU's argument that the doctrine of Federal Supremacy does not prevent the Commission from setting the rates for ASU's service to military customers. The Commission asserted jurisdiction over the rates charged by ASU to military customers and required ASU to take appropriate action to recover those rates. The Commission subsequently granted ASU a stay of the requirements of the Order while negotiations are conducted with the military customers.

Investigation into the Management Practices of the Municipality of Anchorage d/b/a Anchorage Sewer Utility.

At the conclusion of a rate increase proceeding for the Municipality of Anchorage d/b/a Anchorage Sewer Utility (ASU) in FY87, the Commission required a management audit of ASU. That action was taken based on evidence in the record of the rate increase proceeding that ASU's management practices had not been reasonable in recent years, including such matters as incurring additional debt while maintaining huge cash balances, lengthy delays or outright failure to conduct studies or address issues required by the Commission, and failure over a number of years to resolve disputes with military customers. The management audit was conducted by a consultant retained by Commission Staff, and a public hearing was held in May, 1988. The utility responded to the audit, in large part, in a cooperative manner

and agreed to implement many changes recommended by the consultant. A final order regarding the audit and ASU's response will be forthcoming in the near future.

Complaint of Colville Environmental Services Against the North Slope Borough.

As discussed in the Commission's FY87 Annual Report, Colville Environmental Services, Inc. (Colville), filed a complaint against the North Slope Borough (NSB) alleging that conduct by NSB was preventing Colville from operating its certificated refuse service, in violation of a 1981 agreement between Colville and NSB. In return, NSB alleged that Colville had violated the agreement and that the certificate of Colville was void.

The complaint was heard by a Hearing Officer in January, 1988. The Commission subsequently accepted, with modifications, the Hearing Officer's recommendations, and the Commission declared void ordinances and land use permits of the NSB which restrict operations of Colville. The Commission also ordered Colville to deliver all solid waste collected by it to the facilities of the NSB if those facilities are accessible by road or other convenient and economically reasonable overland means and ordered the NSB to accept such refuse delivered by Colville. The decision of the Commission has been appealed by NSB.

Complaint by Alaska Federal Savings and Loan Association Against Norfolk Utilities, Inc.

Norfolk Utilities, Inc., a utility certificated to provide services to approximately 850 lots in Eagle River, Alaska, sought to collect off-site assessment charges from approximately 250 properties currently receiving service. The owners of the lots were forced by prospective purchasers or refinancing authorities to clear the utility's claimed assessments, and many such owners were, in turn, looking to the Alaska Federal Savings and Loan Association (AFSL) for possible reimbursement as such lots were believed to have been sold to them without any assessments due for utility service. AFSL, listed as a grantor in the chain of title for almost all of the lots as a result of very complex foreclosure and other legal proceedings in the past with a developer-affiliate of the utility, brought suit before the Commission to have the utility's off-site assessment charges declared invalid on the basis of any or all of a number of alleged theories of invalidity (Docket U-86-5). The utility moved to dismiss the complaint.

After reviewing the argument and hearing on the motion to dismiss, the Commission in a relatively lengthy order concluded that the complaint did not advance any meritorious basis for invalidating the disputed off-site assessment charges. However, because of the public interest

involved, the Commission examined the whole matter further to ascertain if relief would be appropriate despite dismissal of the AFSL complaint. It was concluded after study of the utility's tariff that it was unreasonable and inequitable to construe the tariff as authorizing the collection (through denial of service, imposition of liens, or otherwise) of unpaid off-site assessments from anyone other than the initial developer or, at most, the first person to take service at the time such service is requested. As none of the serviced lots from which assessments were sought were within the class of persons liable for such charges, the utility was directed to cease all efforts to collect from them. Any entitlements the utility might have for collection of those charges would be based on contractual relationships between it, its affiliates, and AFSL, which was best left for resolution between them in their ongoing judicial proceedings.

Complaint Against Municipality of Anchorage d/b/a Anchorage Water and Wastewater Utility Regarding Payments in Lieu of Assessments.

In late FY88 the Commission issued its substantive decision regarding the formal complaint by Ronald Feiger, *et al.*, against the Anchorage water and sewer utilities. Feiger's complaint attacked the utilities' practice of charging payments in lieu of assessments (PILAs) to lot and

home owners seeking to connect to utility facilities initially installed to benefit others, who may also have paid all or part of the cost of that initial extension and are reimbursed through the PILAs. The presence of PILA charges allegedly led to the refusal by financial institutions to mortgage lots and homes until the PILAs were paid - even where the owners did not seek to connect to the utility facilities at time of mortgaging and adequate private water wells and septic systems exist on the lots. Some facets of this problem were addressed by legislative action in AS 42.05.385. This matter was remanded by Superior Court to the jurisdiction of the Commission.

The Commission determined that, contrary to the complainants' allegations, PILA charges are not special assessments; that the utilities may authorize PILA charges in their tariffs; and that PILA charges do not violate constitutional due process safeguards against the taking of property without just compensation. However, based on other considerations the Commission concluded that pioneer-financed PILA charges were unreasonable and unnecessary beyond three years of completion of an extension and that utility-financed PILA charges were unreasonable and unnecessary in their entirety.

Reconsideration of several aspects of the Commission's decision has been sought by both parties, and decision on the reconsideration requests are pending in FY89. Also at issue is the question of the award of interest and attorney's fees as requested by complainants.

Application of C & S Enterprises To Provide Garbage Service in Competition with Peninsula Sanitation Company, Inc.

As noted in its FY87 Annual Report, C & S Enterprises (C&S) filed an application to provide competing garbage service on the Kenai Peninsula and that application was protested by the existing certificated utility, Peninsula Sanitation Company, Inc. (Peninsula). A hearing on the application convened in Soldotna, Alaska, in May, 1988. Before the hearing was completed, however, the parties requested a recess for the purposes of reaching a settlement of the matter. Subsequently, C&S and Peninsula filed a stipulation in which C&S agreed to a reduce the scope of its proposed operations and Peninsula agreed to withdraw its opposition. The Commission interpreted that stipulation as a modification of the application of C&S which was unopposed by Peninsula, and the Commission approved the modified application.

Application of Juneau Sanitation, Inc., To Provide Garbage Service in Competition with Channel Sanitation Corporation.

Also as noted in the Commission's FY87 Annual Report, Juneau Sanitation, Inc. (JSI), submitted an application to provide garbage service in areas that are currently served by Channel Sanitation Corporation (Channel), and a hearing was held in Juneau in November, 1987. The Commission subsequently adopted a Hearing Officer's recommendation that the application of JSI be approved, and Channel has filed a judicial appeal of the Commission's decision.

PIPELINES

Milne Point Pipeline.

In August, 1985, Milne Point Pipe Line Company (MPPLC) requested Commission approval of an initial tariff rate of $1.91 for the intrastate transportation of petroleum from the Milne Point Central Facilities Pad to the Kuparuk pipeline. The Commission allowed the proposed rate to go into effect on a temporary, refundable basis, pending further investigation of the reasonableness of the proposed tariff. During the pendency of that investigation world oil prices began to decline, and production at Milne Point was shut down in January, 1987.

In early FY88, the parties to the MPPLC proceeding (the State of Alaska, Commission Staff, and MPPLC) entered into a stipulation in which they agreed that the public interest did not require continuing the investigation of rates for the period prior to January 30, 1987, and that no refunds should be required for the period the $1.91 tariff rate had been collected. In early September, 1988, the Commission accepted the stipulation and authorized temporary suspension of pipeline service, until such time as crude oil is tendered for shipment.

The investigation into the justness and reasonableness of MPPLC's tariff provisions will resume once

shipments commence. One of the issues yet to be addressed is whether or not MPPLC should be allowed to recover through tariffed rates costs incurred during the period which pipeline service is suspended.

Endicott Pipeline Company.

In early FY88, Endicott Pipeline Company (EPC) filed an application to be certificated as an oil pipeline carrier between the Endicott Main Production Island and Pump Station No. 1 of the Trans Alaska Pipeline System and requested temporary operating authority, as well as approval of a temporary tariff, in order to carry shipments anticipated to begin in October, 1987. The Commission granted EPC's requests and instituted an investigation into the carrier's request for permanent certification and tariff. Under AS 42.06.260 the Commission is required to hold a hearing on an a pipeline carrier application, and it anticipates holding a public hearing on EPC's application and tariff in FY89.

Jurisdiction over Rates of Cook Inlet Pipeline Company.

Cook Inlet Pipeline Company (CIPL) operates an oil transmission pipeline on the west side of Cook Inlet. The regulated facilities include the pipeline and terminal facilities. After transmission through the pipeline, oil is

shipped from the terminal facilities to the Lower 48 states and across the inlet to the Kenai Peninsula.

The Federal Energy Regulatory Commission (FERC) has jurisdiction to set pipeline rates for oil which is ultimately shipped outside the State of Alaska. In November, 1986, the parties to the FERC rate setting proceeding agreed to settle that proceeding and agreed upon the rates to be charged by CIPL for interstate shipments. This Commission has jurisdiction to set CIPL's pipeline rates for oil which remains in the State of Alaska. In January, 1987, the Commission set rates for the intrastate shipments through the pipeline. The intrastate rates set by the Commission after hearing were lower than the rates set by the interstate settlement.

CIPL appealed the Commission's decision to the Superior Court. In its brief filed in November, 1987, CIPL claims that the Commission cannot set intrastate rates different from CIPL's interstate rates. The Commission's brief on appeal sets out several reasons why intrastate rate pipeline rates may differ from interstate pipeline rates and argues that CIPL waived most of its arguments by failing to raise them in a timely manner before the Commission. The Commission also asserts that the intrastate rates it set after hearing are more appropriate than the interstate rates

set by settlement. A decision on appeal is expected in 1989.

CIPL raised the same basic issue in a Petition for Declaratory Order from the FERC in November, 1987. CIPL asked the FERC to determine that CIPL's intrastate rates should be identical to its interstate rates. The Commission opposed CIPL's petition on the grounds that the intrastate rates set by the Commission are appropriate and that the procedure requested by CIPL before the FERC is not appropriate. Several oil companies and the National Association of Regulatory Utility Commissioners have filed comments in the FERC proceeding.

FY88 RATE CHANGES GRANTED
(July 1, 1987 - June 30, 1988)

	Requested	Granted
Anchorage Refuse Inc. (Refuse) (Docket U-88-2)		
Interim	7.25%	7.25%
Permanent	8.44%	8.44%
Rate of Return	13.49%	12.99%
Return on Equity	15.50%	15.50%
Anchorage Telephone Utility, Municipality of Anchorage d/b/a (Telephone) (Docket U-88-18)		
Interim	20.50%	20.50%
Permanent	54.83%	[1]
Rate of Return	9.90%	[1]
Return on Equity	13.50%	[1]
Anchorage Water & Wastewater Utility, Municipality of Anchorage d/b/a (Water) (Docket U-87-14)		
Interim	8.00%	6.59%
Interim	9.55%	9.55%
Interim	25.11%	25.11%
Permanent	25.11%	25.11%
Interim	19.97%	16.70%
Permanent	19.97%	[1]
DSC Ratio[2]	1.54	[1]
Barrow Utilities and Electric Cooperative, Inc. (Water) (Docket U-88-7)		
Interim Decrease	<18.13>%	<18.13>%
Permanent Decrease	<18.63>%	<18.63>%
Return approved used an 88% operating ratio.		
Bettles Light & Power Company, Inc. (Electric) (Docket U-88-[illegible])		
Interim	43.12%	24.23%
Permanent	43.12%	11.12%
Rate of Return	12.80%	12.80%
Return on Equity	14.00%	14.00%
Chugach Electric Association, Inc. (Electric) (Docket U-87-35)		
Interim	4.22%	4.22%
Permanent	4.22%	[3]
Interim	4.89%	4.65%
Permanent	4.89%	[3]
TIER[4]	1.35	[3]

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[1]Hearing and decision on permanent request is pending in FY89.

[2]DSC Ratio (Debt Service Coverage Ratio) is the ratio of the funds available for debt service coverage as defined by the bond ordinance(s) to the debt service (principal and interest) payments.

[3]Hearing held April, 1988; decision pending in FY89.

[4]TIER (Times Interest Earned Ratio) is the ratio of net operating margins plus interest expense to interest expense and is the mechanism most often used in calculating the allowed return for Rural Electrification Administration cooperatives.

FY88 RATE CHANGES GRANTED (CONT.)
(July 1, 1987 - June 30, 1988)

	Requested	Granted
Eagle River Refuse Inc. (Refuse) (Docket U-88-3)		
Interim	3.97%	3.97%
Interim	6.00%	6.00%
Permanent	7.49%	6.26%
Rate of Return	13.49%	12.99%
Return on Equity	15.50%	14.50%
Eklutna Water Utility (Water) (TA5-248)		
Permanent	22.60%	22.60%
Rate of Return	11.37%	11.37%
Return on Equity	14.50%	14.50%
Homer Electric Association, Inc. (Electric) (Docket U-87-68)		
Interim	2.99%	2.99%
Permanent	2.99%	2.72%
TIER[5]	1.56	1.64
Manley Utility Company (Electric) (Docket U-87-76)		
Interim	66.72%	66.17%
Permanent	66.72%	45.97%
Rate of Return	12.07%	11.63%
Return on Equity	15.00%	15.00%
Matanuska Electric Association, Inc. (Electric)[6]		
Permanent (TA107-18)	1.36%	1.36%[7]
Permanent (TA109-18	2.28%	2.28%[8]
Permanent (TA118-18)	.04%	.04%[9]
Permanent (March, 1988 Filing)	0%	0%[10]
Permanent (TA122-18)	.89%	.86%[11]
Municipal Light & Power Department, Municipality of Anchorage d/b/a (Electric) (Docket U-87-84)		
Interim	10.66%	5.00%
Interim	10.66%	6.77%
Permanent	11.60%	[12]
DSC Ratio[13]	1.60	[12]

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[5] *See* n. 4.

[6] On March 20, 1987, the Commission approved Matanuska Electric Association, Inc.'s (MEA's) application for use of the Simplified Rate Filing Procedure for Electric Cooperatives provided for under AS 42.05.381(e) and 3 AAC 48.700 -- 3 AAC 48.790.

[7] Permanent rate increase approved with a July 7, 1987, effective date.

[8] Permanent rate increase approved with an October 7, 1987, effective date.

[9] Permanent rate increase approved with a December 7, 1987, effective date.

[10] Although MEA's March, 1988, filing indicated an increase of 1.54% would be allowed, the utility did not request such an increase.

[11] Permanent rate increase approved with a July 7, 1988, effective date.

[12] Hearing held July, 1988; decision pending in FY89.

[13] *See* n. 2.

FY88 RATE CHANGES GRANTED (CONT.)
(July 1, 1987 - June 30, 1988)

	Requested	Granted
Telephone Utilities of Alaska, Inc. (Telephone) (Docket U-88-6)		
Interim	78.00%	78.00%
Permanent	70.00%[14]	[15]
Rate of Return	12.75%	[15]
Return on Equity	13.36%	[15]
Telephone Utilities of the Northland, Inc. (Telephone) (Docket U-88-5)		
Interim	52.00%[16]	0%
Permanent	70.00%[17]	[18]
Rate of Return	12.59%	[18]
Return on Equity	15.70%	[18]
United Utilities, Inc. (Telephone) (Docket U-87-59)		
Interim	24.07%[19]	24.07%[19]
Permanent	24.07%[19]	24.07%[19]
Rate of Return	6.54%	6.54%
Return on Equity	14.26%	14.26%

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[14]Permanent rates requested on a rate redesign; e.g., the utility requested a 70 percent increase in private line rates in both its two service areas (the former Juneau Douglas Telephone Company and Telephone Utilities of Alaska (old TUA) service areas) and increases ranging from 76 percent for key line service to 165 percent for exchange trunk lines in the old TUA area.

[15]Hearing and decision on permanent rate request is pending in FY89.

[16]The utility requested a 52 percent increase for its former Sitka Telephone Company (STC) service area and a 3 percent decrease for its former Glacier State Telephone Company (GSTC) service area.

[17]Permanent rates requested on a rate redesign; e.g., the utility requested a 70 percent increase to local private line service in both its STC and GSTC services areas, a 3 percent decrease for all other services in its GSTC service area, and a 2-3 percent increase in basic access line service in the STC "bush" communities.

[18]*See* n. 15.

[19]Interim and permanent rate increase requested and approved on a rate redesign; e.g., utility requested and was granted a 24.07 percent increase to local access line and mileage services and a 26.59 percent increase to local private line service.

FISCAL YEAR 1989 PLAN

Beginning with FY89 the Commission has instituted an annual planning process. The purpose of this process is to enable the Commission to develop a program for the coming year which recognizes and manages its ongoing workload, establishes priorities, and identifies initiatives or special projects.

The statistical analysis of past workload included in the Agency Performance section of this report shows a pattern of regular, fairly predictable levels of certification proceedings, rate cases, tariff filings, and complaints. This work alone could reasonably consume the resources of the Commission. However, the Commission is also aware of the need and desire to address a number of substantive regulatory issues and to implement procedural reforms within the agency. The planning process is an attempt by the Commission to balance these often competing demands and aspirations.

The Commission's FY89 plan and program includes the following key components: work in progress, substantive issues, and procedural initiatives.

Work in Progress.

A number of decisions will be published in cases heard during the last half of FY88, which have been

described previously in the Significant Events section of this report.

The Commission has already scheduled for hearing during FY89 rate proceedings involving the Municipality of Anchorage's electric, telephone, and water utilities; Telephone Utilities of Alaska, Inc.; Telephone Utilities of the Northland, Inc.; Interior Services; and Alascom, Inc. (Alascom). Hearings are also planned or anticipated on new gas supply contracts negotiated by ENSTAR Natural Gas Company and Chugach Electric Association, Inc., and on the power sales agreement between Homer Electric Association, Inc., and Tesoro Alaska Petroleum Company. In addition, hearings will be held in a number of certification proceedings, including the institution of gas distribution service in Deadhorse, merger of the electric utilities in Juneau, and expansion of garbage service in the Matanuska-Susitna Borough and elsewhere.

The Commission will also continue to process a substantial number of tariff and certification requests at its public and tariff action meetings and to issue decisions without necessity of formal hearings based on utility or pipeline filings, public comments, and staff recommendations.

Substantive Issues.

In addition to its ongoing and expected workload, the Commission has identified a number of substantive issues which deserve its attention.

a. Telecommunications

As noted in the Significant Events section of this report, the Commission issued an order at the end of FY88 which outlined its objectives and established procedures for addressing the telecommunications issues facing the industry and public. The policy objectives adopted by the Commission are:

1. preserve and promote universal local and toll telecommunications services in Alaska;

2. promote efficient use and enhancement of the statewide telecommunications network;

3. discourage uneconomic bypass and arbitrage that adversely affect the statewide telecommunications network and other public interest considerations;

4. foster and promote a high quality of service to the public in the most efficient and reasonable manner possible;

5. evaluate and, as appropriate, promote or discourage competition; and

6. establish costing methodologies and a regulatory

structure which promote quality telecommunications services at just and reasonable rates.

To further these objectives the Commission identified a number of issues which had to be addressed and established an order and procedures for doing so. First, the Federal Communications Commission (FCC) has adopted new guidelines for separating the costs of telephone companies between their local, intrastate toll, and interstate toll services, which must be used for interstate purposes effective January 1, 1988. The FCC's action requires the Commission to reevaluate the cost separations rules currently prescribed by regulation and to consider adoption of the FCC's approach for local exchange and intrastate toll costing. A proposed regulation to adopt the FCC's rules has been noticed for comment and hearing early in FY89.

Second, the Commission is faced with a number of questions with respect to how to recover the costs which are assigned to local and toll services. Alascom's rate design will be reviewed for the first time at a hearing scheduled for February 1989. The Commission has also planned hearings to consider whether each ratepayer in the state should pay a flat charge on its bill for access to the intrastate toll network. Such a subscriber line charge would be similar to that currently in place for interstate toll access and would

be used to recover some of the costs of intrastate toll service.

Third, the Commission will be analyzing how toll carriers should compensate local exchange companies for use of their facilities. At the present time, local companies are paid settlements which are negotiated with Alascom based on accepted cost separations procedures. However, this system has been replaced by access charges for interstate toll usage in large part to accommodate interstate competition and may be a desirable replacement of the present settlements process for intrastate purposes. The Commission has established a comment and hearing schedule on access charges and has encouraged all interested persons to file workbook manuals for their recommended access charge plans.

Fourth, the Commission is attempting to address the issue of bypass and arbitrage. Currently pending is a complaint by Alascom against General Communication, Inc. (GCI), for providing unauthorized intrastate long distance service. The complaint will be heard by the Commission during the first quarter of FY89. In addition, the Commission has instituted a generic proceeding to solicit comments on the extent, cause, effect, and options for deterrence of bypass.

Fifth, assisted by the results of the cost separations and recovery proceedings that are initiated, the Commission anticipates moving forward on establishment of rules for competitive entry and on disposition of currently pending requests for certification as telecommunications services providers.

Lastly, the Commission established a docket for monitoring the effects of its decisions on telecommunications services to ensure achievement of the Commission's objectives which, as previously stated, will form the foundation for its many telecommunications decisions. This docket would also be used to receive any information filed by Alaskan telephone companies in a comparable federal monitoring proceeding, so the Commission could take the results of federal policies into consideration in its assessments.

b. Power Cost Equalization

For a number of reasons, the Commission identified review and refinement of its administration of the power cost equalization (PCE) program as a priority for FY89. The Commission began this effort in FY88 with development of new annual report forms for unregulated participating electric utilities. Next, as noted previously in the Significant Events section of this report, the Commission entered into a

Memorandum of Understanding with the Alaska Power Authority (APA) in May 1988, setting forth a number of areas of responsibility, cooperation, and improvement in the agencies' joint administration of the program. These efforts were reinforced, and expanded, by the legislative intent included with the APA's FY89 operating budget, which stated:

> It is the intent of the Legislature that the APA work with the APUC and the Department of Community and Regional Affairs to review and evaluate possible modifications to the PCE program and report to the Legislature. Specific consideration should be given to the establishment of guidelines or standards for participation in the program. Specific consideration should also be given to the restructuring of PCE payments in order to provide incentives to make efficiency improvements.

Based on the foregoing, the Commission has developed a work plan for its PCE project which includes three major tasks. First, it is the Commission's intent to propose regulations which formalize the procedures governing the program previously set forth in general orders or individual utility decisions; to establish standards for allowable costs under the PCE statute; and to provide incentives for

efficient utility operations. A hearing will be conducted on the regulations in November, 1988.

Second, the Commission plans to produce a public information handbook on the PCE program in conjunction with the APA which will explain the rules for participation in the program in easy-to-understand language. The Commission will begin this work immediately and anticipates its completion after conclusion of the regulations task described above.

Third, the Commission will work with the APA to improve, wherever possible, the collection, analysis, and sharing of PCE-related data. The forms associated with the program will be reviewed and modified, if necessary. In addition, the agencies will develop a procedure and schedule for auditing PCE recipients.

c. Small Utility Ratemaking

A longstanding objective of the Commission and a subject of frequent legislative interest is simplification of ratemaking procedures for small utilities. The Commission has identified this as one of its objectives for FY89. The Commission anticipates examining several options, including promulgation of regulations patterned after those governing simplified rate filing procedures for electric cooperatives. The Commission also expects to address the

annual report filings for small utilities in the context of this objective.

d. Other Tasks

During FY89 the Commission will be subject to a sunset review. This process generally involves the commitment of considerable Commission resources to assist the auditors by finding information, responding to questions, and analyzing issues; to provide a written response to the preliminary and final reports of the auditors; and to respond to legislative inquiries on the audit and on any legislation proposed in conjunction with the audit.

Pursuant to legislative intent attached to its FY89 budget, the Department of Administration is developing a long-range telecommunications plan for the state's telecommunications network. Among other things, the plan will consider the cost-benefit of the plan to the state and the public. The Commission expects to serve as a resource to the agencies that are working on the plan and to review and comment on the plan in the draft stage. The scope and propriety of the Commission's involvement is not known, but it will participate to the fullest extent possible in this commendable effort.

Another major work element for FY89 will be the continued processing of electric utility tariffs to bring

them into conformance with the service and safety standards adopted by the Commission. It is the Commission's goal to identify one company's tariff as a model to assist other electric utilities in meeting this requirement.

Lastly, the Commission is planning to hold a consumer affairs conference in November, 1988. This first conference would focus on the customer service problems experienced by energy utilities. This topic is particularly timely given the problems faced by ratepayers in the current economic climate. In addition, there would be general information provided on regulation, the electric service and safety standards, and other topics of interest to participants.

Procedural Initiatives.

The Commission has identified a number of areas where its practices and procedures could be improved. First, the Commission will continue to refine the planning process which is used to develop its program and budget.

Second, the Commission will attempt to complete and publish its annual report to the Legislature before the February 15 statutory deadline. This will provide legislators with timely information on the Commission which will be useful in evaluating the agency's budget and any proposed statutory changes in its duties and responsibilities.

Third, the Commission will have its finance and engineering staffs develop checklists for evaluating rate and certification requests. These lists will promote complete, consistent, and expeditious analyses and decisions on these filings.

Fourth, the Commission will commence a comprehensive review of utility annual reports during FY89. The purpose of this assessment will be to determine what changes should be made to make the reports both simpler for utilities to prepare and more useful for the Commission to fulfill its critical financial oversight functions. The initial effort will be targeted at small utilities.

Finally, the Commission will begin to analyze a number of its internal management systems for possible modifications and refinements. At the same time, it will be examining ways to enhance employee development and job satisfaction within the constraints of its existing budget.

STATUTORY REVIEW

The Commission is governed by AS 42.05 and AS 42.06, which define its powers and duties; establish procedures for fulfilling its responsibilities; and impose certain requirements on utilities and pipeline carriers. The specific provisions of these statutes incorporate the regulatory policies of the Legislature, which are subject to regular review and reassessment. The purpose of this section of the annual report is to provide the Legislature, for its information and consideration, a first-hand assessment of the effectiveness of AS 42.05 and AS 42.06 in fulfilling existing policies and addressing pending issues.

Cost of Regulation.

a. Allocation of Costs

One of the most pressing policy issues that will be facing the Legislature is who should pay the cost of the public protection provided by the Commission. Presently, the Commission's budget is funded from the general fund and program receipts, with expenditures from the latter subject to repayment to the state. This funding mechanism is possible because of the Commission's statutory authority to allocate consultant and out-of-pocket costs incurred in a hearing or investigation among the parties, including the Commission, according to certain criteria (AS 42.05.651 and

AS 42.06.610). As the result of a recent Supreme Court decision, the Commission can no longer allocate the costs of Assistant Attorneys General and can no longer routinely exclude itself from cost responsibility. While this decision creates some budget problems which will be addressed in appropriate submissions to the Legislature, it also raises a broader, long-term question: Who should pay for regulation: taxpayers (general fund) or ratepayers (program receipts)? There are advantages and disadvantages to each approach. However, a preference for the former is largely based on a policy premise that regulation is a responsibility of government and a right to which all citizens are entitled, while the latter may best be supported on a policy premise that the cost-causer should be the cost-payer. In the end, the policy that is adopted may depend on balancing those objectives as well as the budget itself.

The Legislature has a number of options for addressing this policy question in the context of determining the Commission's FY90 budget. First, it can eliminate the statutory requirement that the Commission be included in any cost allocations for consultants or out-of-pocket expenses. Of course, the services of Commission personnel would continue to be provided without charge, with smaller utilities receiving priority for use of "free" services. Under this approach, the only remaining budget impact would be to add

sufficient funds to the general fund budget for an Assistant Attorney General.

Alternatively, the Legislature could eliminate mandatory Commission cost allocations with the caveat that the Commission would assume cost responsibility when money is available and when the public interest so requires. This approach suggests that, in addition to the budget increment for legal services, it would be appropriate to increase the Commission's general fund allotment to allow for assuming additional costs in extraordinary cases.

As a third option, the Legislature could decide that regulation should be funded largely by the state and add monies to the Commission's general fund budget (with a corresponding decrease to the program receipts budget) to allow for case-by-case amounts or a fixed percentage of costs being assigned to the Commission and to pay for the Assistant Attorney General position.

Also affected by this court decision is the Commission's ability to hire temporary legal counsel under AS 42.05.111. Specifically, the Commission can no longer allocate the costs of temporary legal services received from the Department of Law or elsewhere unless certain limited conditions are met. Consideration should be given to modifying this section of the statute to allow for maximum administrative and financial flexibility.

The Commission also believes that it would be desirable for AS 42.05.651 to be amended to conform to AS 42.06.610 which allows for cost allocations during a proceeding with subsequent reallocations, if necessary. Under AS 42.05.651, the costs of a proceeding cannot be allocated until the hearing or investigation is completed. In the case of a long, multi-phase proceeding, there can be a substantial lag between incurring and allocating costs and a resultant delay in remitting to the general fund monies collected from cost allocations. This change would allow for interim cost allocations and prompter repayment of program receipts funds to the State.

b. Certificate Fees

The statute at AS 42.05.661 requires that a fee of $50 be paid with all applications for certificates. This fee was established in 1970 and is not cost compensatory for processing an application. As a practical matter, it has become more of an administrative burden and impediment to timely processing of applications than a source of revenue to the state. (Less than $2,500 per year is currently collected from this fee.) The Commission suggests that the Legislature consider eliminating this requirement or, in the alternative, developing (directly or by delegation of authority to the Commission such as in AS 42.06.607) a fee

structure for these and other filings which more closely tracks the actual costs associated with their processing. Such a system is used by some federal regulatory agencies. Again, the choice is a function of legislative policy preference regarding assignment of responsibility for paying the costs of regulation.

Scope of Regulation.

There are a number of exemptions from regulation included in AS 42.05.711 which have developed on an ad hoc basis over time in response to particular regulatory issues or concerns involving particular utilities. The evolutionary process has affected the section's overall readability and consistency. In addition, the exemption scheme may not provide the Commission necessary flexibility to respond to particular circumstances or to reduce regulatory requirements prescribed elsewhere in the statute. For example, it is unclear whether streamlined certification/licensing procedures for competitive telecommunications services, such as radio common carrier or cable television operations, would be permissible under AS 42.05. Accordingly, the Commission believes that it would be desirable for the Legislature to generally review the exemptions in light of its current policy objectives and to consider refining this section to enhance comprehension, consistency, and flexibility.

Under AS 42.05.720(4)(F) and AS 42.05.711(i), the Commission certificates all refuse utilities but economically regulates only those with gross annual revenues in excess of $200,000. The Commission continues to find that the amount of time dedicated to this regulatory responsibility is excessive relative to both available agency resources and resultant public benefits. Accordingly, the Legislature is urged to reconsider and to adopt previous sunset audit recommendations to eliminate refuse utilities from the Commission's jurisdiction. This change is appropriate because of the characteristics of the industry; the Commission's current and emerging policies regarding competition in this industry; the limited effectiveness of refuse utility regulation without corollary regulation of monopoly landfill or incinerator services; the current limitations on economic regulation of the industry; the existing role of the Department of Environmental Conservation in regulating health standards for transportation and disposal of refuse; and the current authority of local governments for public health and welfare in this area under AS 29.48.033 which is now preempted by AS 42.05. However, if the Legislature decides that, as a matter of policy, refuse utilities should continue to be subject to the Commission's jurisdiction, then consideration should be given to expanding the scope of that

authority to include landfills and incinerators to the extent necessary to adequately protect the public.

One of the most convoluted sections of the Commission's statutes is AS 42.05.431, which has been modified in recent years in response to a number of special concerns. In particular, the Commission notes that those provisions of subsection (b) which govern the evaluation and modification of rates under wholesale power agreements are awkward, if not unworkable. For example, it is unclear how the dispute resolution procedure would be used as the process to modify contract rates which the parties previously have accepted but which the Commission subsequently found are not just and reasonable. The Commission alerts the Legislature to the possible problems with this section so that it can be rewritten to clarify its application before it is necessary to be used and found to be less than useful.

Miscellaneous.

Pursuant to AS 42.05.365, utilities are required to pay interest on customer deposits according to certain terms and conditions. If it was the Legislature's intent to have this provision of the statute apply to all public utilities regardless of their regulatory status, then it

should be clearly stated in this section or should be excluded from the scope of the exemptions listed in AS 42.05.711.

Circumstances occasionally arise where utilities are unable to return interim rate refunds or deposits to former customers. Under AS 34.45.190, a utility is required to hold these funds for a year and then follow the procedures for abandoned property set forth in AS 34.45.280 - .340. These sections require the holder of unclaimed property which is presumed abandoned to file a verified report with the State; send notice to the owner's last address; maintain certain records; and, finally, pay all the unclaimed refunds to the Department of Revenue within a specified time. The Commission believes that such unclaimed funds should be used for the benefit of all customers of a utility as may be directed by the Commission. For example, the funds could be used as cost-free, customer-supplied capital or as an additional refund to the remaining customers. In addition, there are already substantial regulatory recordkeeping requirements for deposits and interim rates, and AS 34.45.190 imposes additional recordkeeping and costs on the utility's existing customers with no commensurate benefits. The Legislature is encouraged to consider whether the overall public interest would best be served by

exempting utility deposits and interim rate refunds from general State policy on abandoned property.

FINANCIAL INFORMATION COVERING ALL FULLY REGULATED UTILITIES
1984-1987
(Calendar Years)

NET PLANT	1984	1985	1986	1987
Electric	$ 868,585,700	$ 928,106,153	$ 994,305,008	$1,002,635,913
Gas	150,595,313	156,862,254	158,946,296	157,479,366
Refuse	4,210,976	4,534,264	5,483,768	5,877,846
Telephone[1]	845,161,739	860,562,669	746,602,472	826,267,574
Wastewater	26,724,191	31,801,878	40,164,520	56,634,528
Water	32,473,577	36,846,702	68,570,827	97,289,782
TOTALS	$1,927,751,496	$2,018,713,920	$2,014,072,891	$2,146,185,009

TOTAL REVENUE	1984	1985	1986	1987
Electric	$ 298,500,730	$ 337,869,851	$ 357,698,912	$ 357,450,846
Gas	131,309,586	164,884,920	197,245,133	100,761,438
Refuse	12,603,404	15,142,654	15,560,477	17,176,390
Telephone[1]	490,132,328	531,939,681	466,533,688	493,071,932
Wastewater	20,516,932	18,541,709	19,924,881	20,027,309
Water	16,205,036	17,397,669	18,970,042	21,969,687
TOTALS	$ 969,268,016	$1,085,776,484	$1,075,933,133	$1,010,457,602

NET INCOME	1984	1985	1986	1987
Electric	$ 33,307,790	$ 33,967,531	$ 24,610,916	$ 25,159,283
Gas	8,440,111	10,105,538	9,899,243	15,929,831
Refuse	374,251	651,204	180,096	137,937
Telephone[1]	82,131,713	75,860,609	58,580,200	58,625,131
Wastewater	1,624,991	1,509,274	<962,796>	<1,342,321>
Water	3,058,232	2,323,280	1,654,809	984,935
TOTALS	$ 128,937,088	$ 124,417,436	$ 93,962,468	$ 99,494,796

USERS	1984	1985	1986	1987
Electric	172,103	188,476	194,669	195,658
Gas	70,567	73,089	77,193	79,131
Refuse	33,277	35,296	37,901	38,477
Telephone	203,733	186,517	156,764	211,779
Wastewater	41,080	43,557	45,095	51,076
Water	36,757	42,714	44,765	46,008
TOTALS	557,516	569,649	556,387	622,129

[1]Includes financial data from Alascom, Inc., the long lines carrier. See p. 122 for telecommunication utilities data.

CERTIFICATED ELECTRIC UTILITIES

*Akutan, City of
Alaska Electric Generation &
Transmission Cooperative, Inc.
Alaska Electric Light & Power Company
Alaska Power & Telephone Company
Alaska Village Electric
Cooperative, Inc.
*Allakaket City Energy Systems
Andreanof Electric Corporation
Aniak Light and Power Company, Inc.
Arctic Utilities, Inc.
*Atmautluak Joint Utilities
Barrow Utilities and Electric
Cooperative, Inc.
Bethel Utilities Corporation, Inc.
Bettles Light & Power, Inc.
*Chefornak Electric Company
*Chignik, City of
*Chistochina Trading Post
*Chitina Electric, Inc.
Chugach Electric Association, Inc.
*Circle Electric,
Richard Hutchinson d/b/a
*Clarks Point Electric Utility
Copper Valley Electric
Association, Inc.
*Cordova Electric Cooperative, Inc.
*Diomede, City of
*Eagle Power Company, Inc.,
Ralph E. Helmer d/b/a
*Egegik Light and Power,
Homer Lee Leonard d/b/a
*Fairbanks Municipal Utilities System,
City of Fairbanks d/b/a
Far North Utilities
G & K, Inc.

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*Not regulated by Alaska Public Utilities Commission as to rates and services.

CERTIFICATED ELECTRIC UTILITIES (CONT.)

*Galena, City of
*Glacier Highway Electric
Association, Inc.
Golden Valley Electric
Association, Inc.
*Golovin, City of
Gwitchyaa Zhee Utility Company
Haines Light & Power Company, Inc.
Homer Electric Association, Inc.
*Hughes Power & Light Company
I-N-N Electric Cooperative, Inc.
*Ipnatchiaq Electric Company
Katmai Hydro
*Ketchikan, City of
*King Cove, City of
Kodiak Electric Association, Inc.
*Kotlik, City of
Kotzebue Electric Association, Inc.
*Kuiggluum Kallugvia,
Kwethluk Inc. d/b/a
*Kwig Power Company
*Larsen Bay, City of
Levelock Electric Cooperative, Inc.
Manley Utility Company, Inc.
*Manokotak Power Company
Middle Kuskokwim Electric
Cooperative, Inc.
Municipal Light & Power Department,
Municipality of Anchorage d/b/a
*Naknek Electric Association, Inc.
Napakiak Ircinaq Power Company
*Nelson Lagoon Electric
Cooperative, Inc.
*Nome Joint Utility Systems
*North Slope Borough Power and Light System,
North Slope Borough d/b/a
Northway Power & Light, Inc.
*Nushagak Electric Cooperative, Inc.
*Ouzinkie, City of

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*Not regulated by Alaska Public Utilities Commission as to rates and services.

**Not regulated by Alaska Public Utilities Commission as to rates.

CERTIFICATED ELECTRIC UTILITIES (CONT.)

*Paxson Lodge, Inc.
Pelican Utility Company
*Petersburg, City of
*Port Heiden, City of
**Puvurnaq Power Company
*Ruby, City of
Sand Point Electric, Inc.
*Semloh Supply,
Weldon S. Holmes d/b/a
*Seward, City of
*Sitka, City and Borough of
*St. Paul, City of
**Takotna Community Association, Inc.
Tanana Power Company, Inc.
Teller Power Company, Inc.
*Tenakee Springs Electric Utility Department,
City of Tenakee Springs d/b/a,
*Thomas Bay Power Authority
*Thorne Bay, City of
Tlingit-Haida Regional Electrical Authority
**Tuntutuliak Community Services
Association
*Umnak Power Company,
Native Village of Nikolski d/b/a
*Unalaska, City of
*Ungusraq Power Company
*Weisner Trading Company
*Wrangell, City of
Yakutat Power, Inc.

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*Not regulated by Alaska Public Utilities Commission as to rates and services.

**Not regulated by Alaska Public Utilities Commission as to rates.

ELECTRIC UTILITIES
(1987 Calendar Year)

Utility	Net Plant	Revenues: Total Revenues	Revenues: Net Income	Users
(Gross Operating Revenue Greater Than $5,000,000)				
Alaska Electric Generation & Transmission Cooperative, Inc.	$ 17,139,417	$ 16,256,727	$ 86,170	1
Alaska Electric Light and Power Company	34,739,603	15,008,700	1,368,802	10,378
Alaska Village Electric Cooperative, Inc.[1]	27,210,242	11,485,183	1,016,263	4,978
Chugach Electric Association, Inc.	366,771,780	93,533,988	5,394,175	60,887
Copper Valley Electric Association, Inc.	14,053,824	7,171,696	886,209	2,358
Golden Valley Electric Association, Inc.	138,156,431	39,115,609	3,173,267	26,784
Homer Electric Association, Inc.	82,327,628	31,168,368	2,551,630	17,239
Kodiak Electric Association, Inc.	32,519,997	14,044,493	2,325,889	4,354
Matanuska Electric Association, Inc.	106,672,760	37,879,553	4,648,728	27,479
Municipal Light & Power Department, Municipality of Anchorage d/b/a	146,962,166	61,594,072	722,462	30,048
Subtotal	$966,553,848	$327,258,389	$22,173,595	184,506

[1]Communities being furnished electric utility service by Alaska Village Electric Cooperative, Inc.

Alakanuk	Huslia	Noatak	Scammon Bay
Ambler	Kaltag	Noorvik	Selawik
Anvik	Kasigluk	Nulato	Shageluk
Chevak	Kiana	Nunapitchuk	Shaktoolik
Eek	Kivalina	Old Harbor	Shishmaref
Elim	Koyuk	Pilot Station	Shungnak
Emmonak	Lower Kalskag	Pitkas Point	Stebbins
Gambell	Marshall	Quinhagak	Togiak
Goodnews Bay	Mekoryuk	Russian Mission	Toksook Bay
Grayling	Minto	Saint Marys	Tununak
Holy Cross	Mountain Village	Saint Michael	Upper Kalskag
Hooper Bay	New Stuyahok	Savoonga	Wales

ELECTRIC UTILITIES (CONT.)
(1987 Calendar Year)

Utility	Net Plant	Revenues: Total Revenues	Revenues: Net Income	Users
(Gross Operating Revenue Greater Than $1,500,000 but Less Than $5,000,000)				
Alaska Power & Telephone Company	$ 3,354,858	$ 3,164,175	$ 580,190	1,716
Arctic Utilities, Inc.[1]	2,152,979	3,146,571	249,226	26
Barrow Utilities and Electric Cooperative, Inc.	--------[2]	1,686,884	229,661	1,246
Bethel Utilities Corporation, Inc.	2,836,580	4,277,113	136,114	1,691
Kotzebue Electric Association, Inc.	6,449,884	2,798,398	420,487	973
Nushagak Electric Cooperative, Inc.[3]	4,771,174	2,498,787	260,577	1,084
Tlingit-Haida Regional Electrical Authority	5,628,503	2,986,005	480,024	975
Subtotal	$ 25,193,978	$ 20,557,933	$ 2,356,279	7,711
(Gross Operating Revenue Greater Than $500,000 but Less Than $1,500,000)				
Aniak Light and Power Company, Inc.	$ 526,320	$ 741,912	$ 119,449	150
G & K, Inc.	N/A	895,814	N/A	70
Gwitchyaa Zhee Utility Company[4]	690,130	578,608	<110,318>	297
Haines Light & Power Company, Inc.	1,206,793	1,162,049	97,064	750
I-N-N Electric Cooperative, Inc.	1,522,832	695,272	<1,832>	259
McGrath Light & Power Company[4]	1,069,476	837,306	143,931	231
Sand Point Electric, Inc.[5]	438,301	939,039	2,132	400
Tanana Power Company, Inc.	751,797	551,930	81,258	184
Yakutat Power, Inc.	674,831	693,338	45,659	281
Subtotal	$ 6,880,480	$ 7,095,268	$ 377,343	2,622

[1]Information presented for year ending 3/31/87.

[2]Electric plant not segregated from water, sewer, gas, or general plant.

[3]Deregulated in 1988.

[4]Information presented for year ending 6/30/87.

[5]Information presented for year ending 9/30/87.

ELECTRIC UTILITIES (CONT.)
(1987 Calendar Year)

Utility	Net Plant	Revenues: Total Revenues	Revenues: Net Income	Users
(Gross Operating Revenue Less Than $500,000)				
Andreanof Electric Corporation[1]	$ 129,345	$ 79,872	$ 15,203	37
Bettles Light & Power, Inc.	316,722	373,529	<47,841>	49
Far North Utilities	355,414	112,315	<6,110>	44
Levelock Electric Cooperative, Inc.[2]	75,534	144,844	20,344	69
Manley Utility Company, Inc.	266,322	111,344	<66,862>	84
Middle Kuskokwim Electric Cooperative, Inc.	1,714,495	375,093	<21,233>	152
Napakiak Ircinaq Power Company[3]	141,137	275,343	61,212	81
Northway Power & Light, Inc.	327,927	366,442	39,759	110
Pelican Utility Company	584,282	394,794	186,033	107
Teller Power Company	96,429	305,680	71,561	86
Subtotal	$ 4,007,607	$ 2,539,256	$ 252,066	819
TOTALS	$1,002,635,913	$357,450,846	$25,159,283	195,658

[1]Information presented for year ending 6/30/87.

[2]Information presented for year ending 4/30/87.

[3]Information presented for year ending 10/31/87.

SAMPLE MONTHLY RESIDENTIAL ELECTRIC RATES

(As of June 30, 1988 - Fuel Cost Rate Adjustments Included Where Available)

The purpose of the chart below and on the next five pages is to describe the electric bills paid by consumers in most communities at four different kilowatt-hour (kWh) usage levels. The communities listed are those served by utilities subject to rate regulation by the Commission. For each level of usage, the chart shows the following: first, the bill for that usage; second, the portion of the bill which will be paid by the State of Alaska through the Power Cost Equalization (PCE) program; and third, the amount which the customers must pay.

A more detailed description of the PCE program is found on page 108 of this report. For communities whose residents are not eligible for PCE, the chart shows "N/E."

In evaluating the information in the chart, one should keep in mind that consumption levels vary widely both among the consumers of a single utility and among different utilities. Approximate average 1987 monthly residential consumption levels for twelve utilities are shown below.

Utility	1987 Monthly Average Residential kWh Usage
Alaska Electric Light & Power Company	920
Alaska Power & Telephone Company	415
Alaska Village Electric Cooperative, Inc.	260
Bethel Utilities Corporation, Inc.	455
Bettles Light & Power, Inc.	460
Chugach Electric Association, Inc.	675
Homer Electric Association, Inc.	650
Kodiak Electric Association, Inc.	495
Kotzebue Electric Association, Inc.	530
Tanana Power Company, Inc.	355
Tlingit-Haida Regional Electrical Authority	460

SAMPLE MONTHLY RESIDENTIAL ELECTRIC RATES (CONT.)

(As of June 30, 1988 - Fuel Cost Rate Adjustments Included Where Available)

COMMUNITY		100 KWH	500 KWH	1000 KWH	1500 KWH	UTILITY SERVING COMMUNITY
Anchorage	Monthly bill	11.68	40.40	76.29	112.19	Municipal Light & Power Department, Municipality of Anchorage d/b/a
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	11.68	40.40	76.29	112.19	
Anchorage	Monthly bill	12.96	39.80	73.35	106.90	Chugach Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	12.96	39.80	73.35	106.90	
Angoon	Monthly bill	34.65	163.85	313.60	463.35	Tlingit-Haida Regional Electrical Authority
	PCE credit	22.11	110.55	165.83	165.83	
	Customer bill	12.54	53.30	147.77	297.52	
Aniak	Monthly	37.60	178.28	346.83	515.38	Aniak Light and Power Company, Inc.
	PCE credit	24.57	122.85	184.28	184.28	
	Customer bill	13.03	55.43	162.55	331.10	
AVEC Communities	Monthly bill	39.84	199.20	398.40	597.60	Alaska Village Electric Cooperative, Inc.
	PCE credit	26.39	131.95	197.93	197.93	
	Customer bill	13.45	67.25	200.47	399.67	
Barrow	Monthly bill	15.20	40.00	71.00	102.00	Barrow Utilities and Electric Cooperative, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	15.20	40.00	71.00	102.00	
Bethel	Monthly bill	23.39	98.48	183.90	269.33	Bethel Utilities Corporation, Inc.
	PCE credit	8.27	41.35	62.03	62.03	
	Customer bill	15.12	57.13	121.87	207.30	
Bettles	Monthly bill	48.10	240.50	481.00	721.50	Bettles Light & Power, Inc.
	PCE credit	30.66	153.30	229.95	229.95	
	Customer bill	17.44	87.20	251.05	491.55	
Central	Monthly bill	43.44	217.20	434.40	651.60	Far North Utilities
	PCE credit	26.31	131.55	197.33	197.33	
	Customer bill	17.13	85.65	237.07	454.27	
Chuathbaluk	Monthly bill	54.40	272.00	544.00	816.00	Middle Kuskokwim Electric Cooperative, Inc.
	PCE credit	37.64	188.20	282.30	282.30	
	Customer bill	16.76	83.80	261.70	533.70	
Chugiak	Monthly bill	18.96	54.81	99.62	140.62	Matanuska Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	18.96	54.81	99.62	140.62	
Cold Bay	Monthly bill	46.56	182.82	353.13	523.45	G & K, Inc.
	PCE credit	24.73	123.65	185.48	185.48	
	Customer bill	21.83	59.17	167.65	337.97	
Copper Center	Monthly bill	26.40	100.10	185.10	270.10	Copper Valley Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	26.40	100.10	185.10	270.10	
Craig	Monthly bill	18.02	76.82	150.32	223.82	Alaska Power & Telephone Company
	PCE credit	3.27	16.35	24.53	24.53	
	Customer bill	14.75	60.47	125.79	199.29	
Crooked Creek	Monthly bill	54.40	272.00	544.00	816.00	Middle Kuskokwim Electric Cooperative, Inc.
	PCE credit	37.64	188.20	282.30	282.30	
	Customer bill	16.76	83.80	261.70	533.70	
Delta Junction	Monthly bill	19.14	55.71	92.67	129.63	Golden Valley Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	19.14	55.71	92.67	129.63	

SAMPLE MONTHLY RESIDENTIAL ELECTRIC RATES (CONT.)

(As of June 30, 1988 - Fuel Cost Rate Adjustments Included Where Available)

COMMUNITY		100 KWH	500 KWH	1000 KWH	1500 KWH	UTILITY SERVING COMMUNITY
Douglas	Monthly bill	12.95	36.75	66.50	96.25	Alaska Electric Light & Power Company
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	12.95	36.75	66.50	96.25	
Eagle River	Monthly bill	18.96	54.81	99.62	140.62	Matanuska Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	18.96	54.81	99.62	140.62	
Fairbanks	Monthly bill	19.14	55.71	92.67	129.63	Golden Valley Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	19.14	55.71	92.67	129.63	
Fort Yukon	Monthly bill	42.01	150.09	247.69	345.29	Gwitchyaa Zhee Utility Company
	PCE credit	18.02	90.10	135.15	135.15	
	Customer bill	23.99	59.99	112.54	210.14	
Glennallen	Monthly bill	26.40	100.10	185.10	270.10	Copper Valley Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	26.40	100.10	185.10	270.10	
Haines	Monthly bill	21.46	70.50	126.03	176.83	Haines Light & Power Company, Inc.
	PCE credit	4.34	21.70	32.55	32.55	
	Customer bill	17.12	48.80	93.48	144.28	
Halibut Cove	Monthly bill	20.17	56.86	105.36	154.52	Homer Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	20.17	56.86	105.36	154.52	
Healy	Monthly bill	19.14	55.71	92.67	129.63	Golden Valley Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	19.14	55.71	92.67	129.63	
Homer	Monthly bill	19.87	55.36	97.66	136.87	Homer Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	19.87	55.36	97.66	136.87	
Hoonah	Monthly bill	34.65	163.85	313.60	463.35	Tlingit-Haida Regional Electrical Authority
	PCE credit	22.11	110.55	165.83	165.83	
	Customer bill	12.54	53.30	147.77	297.52	
Hope	Monthly bill	12.96	39.80	73.35	106.90	Chugach Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	12.96	39.80	73.35	106.90	
Hydaburg	Monthly bill	23.30	101.30	198.80	296.30	Alaska Power & Telephone Company
	PCE credit	8.17	40.85	61.28	61.28	
	Customer bill	15.13	60.45	137.52	235.02	
Iliamna	Monthly bill	40.82	204.10	408.20	612.30	I-N-N Electric Cooperative, Inc.
	PCE credit	32.32	161.60	242.40	242.40	
	Customer bill	8.50	42.50	165.80	369.90	
Juneau	Monthly bill	12.95	36.75	66.50	96.25	Alaska Electric Light & Power Company
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	12.95	36.75	66.50	96.25	
Kake	Monthly bill	34.65	163.85	313.60	463.35	Tlingit-Haida Regional Electrical Authority
	PCE credit	22.11	110.55	165.83	165.83	
	Customer bill	12.54	53.30	147.77	297.52	
Kasaan	Monthly bill	34.65	163.85	313.60	463.35	Tlingit-Haida Regional Electrical Authority
	PCE credit	22.11	110.55	165.83	165.83	
	Customer bill	12.54	53.30	147.77	297.52	

SAMPLE MONTHLY RESIDENTIAL ELECTRIC RATES (CONT.)

(As of June 30, 1988 - Fuel Cost Rate Adjustments Included Where Available)

COMMUNITY		100 KWH	500 KWH	1000 KWH	1500 KWH	UTILITY SERVING COMMUNITY
Kenai	Monthly bill	19.87	55.36	97.66	136.87	Homer Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	19.87	55.36	97.66	136.87	
Klawock	Monthly bill	34.65	163.85	313.60	463.35	Tlingit-Haida Regional Electrical Authority
	PCE credit	22.11	110.55	165.83	165.83	
	Customer bill	12.54	53.30	147.77	297.52	
Kodiak	Monthly bill	22.35	81.75	156.00	230.25	Kodiak Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	22.35	81.75	156.00	230.25	
Kotzebue	Monthly bill	31.38	110.66	209.76	308.86	Kotzebue Electric Association, Inc.
	PCE credit	10.37	51.85	77.78	77.78	
	Customer bill	21.01	58.81	131.98	231.08	
Levelock	Monthly bill	43.24	216.20	432.40	648.60	Levelock Electric Cooperative, Inc.
	PCE credit	28.90	144.50	216.75	216.75	
	Customer bill	14.34	71.70	215.65	431.85	
Manley Hot Springs	Monthly bill	52.29	261.45	522.90	784.35	Manley Utility Company, Inc.
	PCE credit	38.95	194.75	292.13	292.13	
	Customer bill	13.34	66.70	230.77	492.22	
Manokotak	Monthly bill	30.00	150.00	300.00	450.00	Manokotak Power Company
	PCE credit	21.10	105.50	158.25	158.25	
	Customer bill	8.90	44.50	141.75	291.75	
McGrath	Monthly bill	36.37	170.35	325.70	481.05	McGrath Light & Power Company
	PCE credit	24.19	120.95	181.43	181.43	
	Customer bill	12.18	49.40	144.27	299.62	
Moose Pass	Monthly bill	12.96	39.80	73.35	106.90	Chugach Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	12.96	39.80	73.35	106.90	
Napakiak	Monthly bill	47.00	235.00	470.00	705.00	Napakiak Ircinaq Power Company
	PCE credit	38.50	192.50	288.75	288.75	
	Customer bill	8.50	42.50	181.25	416.25	
Nenana	Monthly bill	19.14	55.71	92.67	129.63	Golden Valley Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	19.14	55.71	92.67	129.63	
Ninilchik	Monthly bill	19.87	55.36	97.66	136.87	Homer Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	19.87	55.36	97.66	136.87	
North Pole	Monthly bill	19.14	55.71	92.67	129.63	Golden Valley Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	19.14	55.71	92.67	129.63	
Northway	Monthly bill	25.97	129.85	259.70	389.55	Northway Power & Light, Inc.
	PCE credit	17.47	87.35	131.03	131.03	
	Customer bill	8.50	42.50	128.67	258.52	
Palmer	Monthly bill	18.96	54.81	99.62	140.62	Matanuska Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	18.96	54.81	99.62	140.62	
Pelican	Monthly bill	15.10	75.50	151.00	226.50	Pelican Utility Company
	PCE credit	2.99	14.95	22.43	22.43	
	Customer bill	12.11	60.55	128.57	204.07	
Port Graham	Monthly bill	20.17	56.86	105.36	154.52	Homer Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	20.17	56.86	105.36	154.52	

SAMPLE MONTHLY RESIDENTIAL ELECTRIC RATES (CONT.)

(As of June 30, 1988 - Fuel Cost Rate Adjustments Included Where Available)

COMMUNITY		100 KWH	500 KWH	1000 KWH	1500 KWH	UTILITY SERVING COMMUNITY
Port Lions	Monthly bill	22.35	81.75	156.00	230.25	Kodiak Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	22.35	81.75	156.00	230.25	
Red Devil	Monthly bill	54.40	272.00	544.00	816.00	Middle Kuskokwim Electric Cooperative, Inc.
	PCE credit	37.64	188.20	282.30	282.30	
	Customer bill	16.76	83.80	261.70	533.70	
Sand Point	Monthly bill	23.65	110.54	215.94	321.34	Sand Point Electric, Inc.
	PCE credit	5.47	27.35	41.03	41.03	
	Customer bill	18.18	83.19	174.91	280.31	
Seldovia	Monthly bill	20.17	56.86	105.36	154.52	Homer Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	20.17	56.86	105.36	154.52	
Skagway	Monthly bill	21.71	71.50	129.95	188.40	Alaska Power & Telephone Company
	PCE credit	2.00	10.00	15.00	15.00	
	Customer bill	19.71	61.50	114.95	173.40	
Sleetmute	Monthly bill	54.40	272.00	544.00	816.00	Middle Kuskokwim Electric Cooperative, Inc.
	PCE credit	37.64	188.20	282.30	282.30	
	Customer bill	16.76	83.80	261.70	533.70	
Soldotna	Monthly bill	19.87	55.36	97.66	136.87	Homer Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	19.87	55.36	97.66	136.87	
Sterling	Monthly bill	19.87	55.36	97.66	136.87	Homer Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	19.87	55.36	97.66	136.87	
Stony River	Monthly bill	54.40	272.00	544.00	816.00	Middle Kuskokwim Electric Cooperative, Inc.
	PCE credit	37.64	188.20	282.30	282.30	
	Customer bill	16.76	83.80	261.70	533.70	
Talkeetna	Monthly bill	18.96	54.81	99.62	140.62	Matanuska Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	18.96	54.81	99.62	140.62	
Tanana	Monthly bill	41.40	195.90	372.40	548.90	Tanana Power Company, Inc.
	PCE credit	17.95	89.75	134.63	134.63	
	Customer bill	23.45	106.15	237.77	414.27	
Teller	Monthly bill	53.75	268.75	537.50	806.25	Teller Power Company, Inc.
	PCE credit	40.37	201.85	302.78	302.78	
	Customer bill	13.38	66.90	234.72	503.47	
Tok/Dot Lake	Monthly bill	22.13	95.76	183.76	262.11	Alaska Power & Telephone Company
	PCE credit	5.33	26.65	39.98	39.98	
	Customer bill	16.80	69.11	143.78	222.13	
Unalakleet	Monthly bill	26.36	115.80	227.60	339.40	Matanuska Electric Association, Inc.
	PCE credit	11.11	55.55	83.33	83.33	
	Customer bill	15.25	60.25	144.27	256.07	
Valdez	Monthly bill	23.40	87.00	164.10	240.60	Copper Valley Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	23.40	87.00	164.10	240.60	
Wasilla	Monthly bill	18.96	54.81	99.62	140.62	Matanuska Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	18.96	54.81	99.62	140.62	
Whittier	Monthly bill	12.96	39.80	73.35	106.90	Chugach Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	12.96	39.80	73.35	106.90	

SAMPLE MONTHLY RESIDENTIAL ELECTRIC RATES (CONT.)

(As of June 30, 1988 - Fuel Cost Rate Adjustments Included Where Available)

COMMUNITY		100 KWH	500 KWH	1000 KWH	1500 KWH	UTILITY SERVING COMMUNITY
Willow	Monthly bill	18.96	54.81	99.62	140.62	Matanuska Electric Association, Inc.
	PCE credit	N/E	N/E	N/E	N/E	
	Customer bill	18.96	54.81	99.62	140.62	
Yakutat	Monthly bill	23.78	97.10	181.00	259.90	Yakutat Power, Inc.
	PCE credit	6.42	32.10	48.15	48.15	
	Customer bill	17.36	65.00	132.85	211.75	

1987 KILOWATT-HOUR SALES
REGULATED ELECTRIC UTILITIES

	KILOWATT-HOUR SALES		
	Residential	Commercial and Other	Total
Alaska Electric Generation & Transmission, Inc.	-0-	414,778,647	414,778,647
Alaska Electric Light & Power Company	98,192,000	108,759,000	206,951,000
Alaska Power & Telephone Company	6,511,000	12,356,000	18,867,000
Alaska Village Electric Cooperative, Inc.	12,509,625	10,761,463	31,271,088
Andreanof Electric Corporation	86,670	105,696	192,366
Aniak Light and Power Company, Inc.	589,109	1,100,676	1,689,785
Arctic Utilities, Inc.	-0-	15,100,000	15,100,000
Barrow Utilities and Electric Cooperative, Inc.	4,985,000	24,493,000	29,478,000
Bethel Utilities Corporation, Inc.	7,789,724	18,142,408	25,932,132
Bettles Light & Power, Inc.	138,000	692,000	830,000
Chugach Electric Association, Inc.	439,965,000	1,348,556,000	1,788,521,000
Copper Valley Electric Association, Inc.	11,879,000	31,681,000	43,560,000
Far North Utilities	48,866	203,341	252,207
G & K, Inc.	439,614	2,654,543	3,094,157
Golden Valley Electric Association, Inc.	183,827,000	264,854,000	448,681,000
Gwitchyaa Zhee Utility Company	463,132	1,450,225	1,913,357
Haines Light & Power Company, Inc.	3,180,642	5,048,877	8,229,519
Homer Electric Association, Inc.	131,893,000	258,640,000	390,533,000
I-N-N Electric Cooperative, Inc.	555,569	1,077,039	1,632,608
Kodiak Electric Association, Inc.	20,091,000	74,541,000	94,632,000
Kotzebue Electric Association, Inc.	5,060,000	8,278,000	13,338,000
Levelock Electric Cooperative, Inc.	180,653	135,570	316,223
Manley Utility Company, Inc.	103,871	155,882	259,753

1987 KILOWATT-HOUR SALES
REGULATED ELECTRIC UTILITIES (CONT.)

	KILOWATT-HOUR SALES		
	Residential	Commercial and Other	Total
Matanuska Electric Association, Inc.	260,938,000	142,652,000	403,590,000
McGrath Light & Power Company	682,414	1,942,378	2,624,792
Middle Kuskokwim Electric Cooperative, Inc.	206,293	438,372	644,665
Municipal Light & Power Department, Municipality of Anchorage d/b/a	162,165,000	803,542,000	965,707,000
Napakiak Ircinaq Power Company	128,420	212,516	340,936
Northway Power & Light, Inc.	759,945	571,066	1,331,011
Nushagak Electric Cooperative, Inc.[1]	4,283,000	8,567,000	12,850,000
Pelican Utility Company	458,258	2,446,175	2,924,433
Sand Point Electric, Inc.	1,250,612	5,162,216	6,412,828
Tanana Power Company, Inc.	733,595	841,631	1,575,226
Teller Power Company, Inc.	(Not Reported Separately)		559,264
Tlingit-Haida Regional Electrical Authority	4,322,000	4,679,000	9,001,000
Yakutat Power, Inc.	1,698,316	2,642,091	4,340,407

[1]Deregulated in 1988.

POWER COST EQUALIZATION

Power Cost Equalization (PCE) is a program under which the State of Alaska pays a portion of the electric bills for consumers served by utilities participating in the program. Participation in the PCE program is limited by statute to utilities meeting certain requirements. For example, during 1984 a utility must have used diesel-fired generators to produce more than 75 percent of the electrical consumption of the utility; and if a utility served a single community, its 1983 residential sales eligible for PCE could not have exceeded 7,500,000 kilowatt-hours (kWh).

The Commission sets the PCE amount (cents/kWh) applicable to each utility's customers, regardless of whether the utility is otherwise subject to the Commission's economic regulation. The PCE amount varies according to the utility's rates and its costs of producing electricity. In most cases, the PCE per kWh is the same for all the customers of a utility, but it may vary by rate schedule.

Generally PCE reduces the cost for each kWh up to 750 kWh per month per customer. Customers designated as "community facilities" are entitled to PCE in the aggregate for each community served by the utility for actual consumption up to 70 kWh per month for each resident of the community. For example, if a utility served one community with a population of 150 and two community facilities, those two community facilities together would be entitled to PCE for their total consumption up to 10,500 kWh per month.

The chart below shows the utilities participating in the PCE program as of June 30, 1988, and the PCE amount applicable to their residential customers.

PCE PARTICIPANT	PCE AMOUNT (cents/kWh)
Akhiok, City of	26.52
Akiachak Limited	33.29
Akiak City Council	18.07
Akutan, City of	14.50
Alaska Power & Telephone Company	
-Craig	3.27
-Hydaburg	8.17
-Skagway	2.00
-Tok	5.33
Alaska Village Electric Cooperative, Inc.	26.39
Allakaket City Energy Systems	41.80
Alutiiq Power Company	29.50
Andreanof Electric Corporation	16.45
Aniak Light and Power Company, Inc.	24.57
Arctic Village Electric Co.	20.32
Atmautluak Joint Utilities	22.95
Beaver Electrical	40.83
Bethel Utilities Corporation, Inc.	8.27

POWER COST EQUALIZATION (CONT.)

PCE PARTICIPANT	PCE AMOUNT (cents/kWh)
Bettles Light & Power, Inc.	30.66
Birch Creek Village Electric Company	30.18
Brevig Mission	22.01
Buckland City Council	17.00
Chalkyitsik Energy Systems	40.91
Chefornak Electric Company	15.91
Chenega Bay IRA Village Council	22.22
Chignik, City of	17.18
Chitina Electric, Inc.	20.27
Circle Electric, Richard Hutchinson d/b/a	36.50
Clark's Point Electric Utility	15.68
Coffman Cove Utilities Assn., Inc.	6.15
Cordova Electric Cooperative, Inc.	8.43
Diomede, City of	13.00
Eagle Power Company, Inc., Ralph E. Helmer d/b/a	25.64
Eagle Village Energy Systems	41.80
Egegik Light and Power, Homer Lee Leonard d/b/a	38.50
Ekwok Electric	17.55
Elfin Cove	14.13
False Pass Electric Association	13.08
Far North Utilities	26.31
G & K, Inc.	24.73
Galena, City of	11.74
Golovin, City of	29.85
Gustavus Electric Company	38.50
Gwitchyaa Zhee Utility Company	18.02
Haines Light & Power Co., Inc.	4.34
Hughes Power & Light Company	37.73
Igiugig Village Council	41.80
I-N-N Electric Cooperative, Inc.	32.32
Ipnatchiaq Electric Company	19.68
King Cove, City of	9.67

POWER COST EQUALIZATION (CONT.)

PCE PARTICIPANT	PCE AMOUNT (cents/kWh)
Kobuk Village Electric	20.59
Kokhanok Village	36.06
Koliganek Village Council	18.33
Kotlik, City of	21.58
Kotzebue Electric Association, Inc.	10.37
Koyukuk, City of	8.81
Kuiggluum Kallugvia, Kwethluk, Inc. d/b/a	16.72
Kwig Power Company	26.27
Larsen Bay, City of	20.48
Levelock Electric Cooperative, Inc.	28.90
Manley Utility Company, Inc.	38.95
Manokotak Power Company	21.10
Matanuska Electric Association, Inc.-Unalakleet	11.11
McGrath Light & Power Company	24.19
Middle Kuskokwim Electric Cooperative, Inc.	37.64
Naknek Electric Association, Inc.	13.11
Napakiak Ircinaq Power Company	38.50
Napaskiak, Inc.	38.46
Nelson Lagoon Electric Cooperative, Inc.	21.22
Nightmute Light Plant	14.33
Nikolai, City of	21.01
Nome Joint Utility System	8.06
North Slope Borough Power and Light System, North Slope Borough d/b/a	
-Atqasuk, Nuiqsut	13.50
-Kaktovik, Point Hope, Wainwright	10.50
-Point Lay, Anaktuvak Pass	12.50
Northway Power & Light, Inc.	17.47
Nushagak Electric Cooperative, Inc.	8.64
Ouzinkie, City of	13.29
Pedro Bay Village Council	39.34
Pelican Utility Company	2.99
Perryville, City of	15.65
Pilot Point Village Council	18.31
Port Heiden, City of	11.50

POWER COST EQUALIZATION (CONT.)

PCE PARTICIPANT	PCE AMOUNT (cents/kWh)
Puvurnaq Power Company	28.18
Rampart Village Council	41.80
Ruby, City of	20.44
St. George Municipal Electric Utility	25.02
St. Paul, City of	14.81
Sand Point Electric, Inc.	5.47
Sheldon Point Electric Company	21.75
Stevens Village Council	39.27
Takotna Community Association, Inc.	12.80
Tanana Power Company, Inc.	17.95
Tatitlek	29.17
Telida Village Utility	41.80
Teller Power Company, Inc.	40.37
Tenakee Springs Electric Utility Department, City of Tenakee Springs d/b/a	21.69
Tetlin Village Energy System	20.05
Thorne Bay, City of	7.06
Tlingit-Haida Regional Electrical Authority	22.11
Tulkisarmute, Inc.	21.50
Tuntutuliak Community Services Association	18.89
Umnak Power Company, Native Village of Nikolski d/b/a	34.48
Unalaska, City of	6.34
Ungusraq Power Company	35.70
Venetie Village Council	26.12
White Mountain Utilities	18.08
Yakutat Power, Inc.	6.42

CERTIFICATED GAS UTILITIES

Alaska Pipeline Company

Barrow Utilities and Electric Cooperative, Inc.

ENSTAR Natural Gas Company
(a division of Seagull Energy Corporation)

*Kenai, City of

Mountain Alaska Energy, Inc.

STEAM HEAT UTILITY

*Fairbanks Municipal Utilities System, City of Fairbanks d/b/a

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*Not Regulated by Alaska Public Utilities Commission as to rates and services.

GAS UTILITIES
(1987 Calendar Year)

Utility	Net Plant	Revenues: Total Revenues	Revenues: Net Income	Users
(Gross Operating Revenue Greater Than $5,000,000)				
ENSTAR Natural Gas Company[1] (a division of Seagull Energy Corporation)	$157,479,366	$99,956,451	$15,855,146	78,223
Subtotal	$157,479,366	$99,956,451	$15,855,146	78,223
(Gross Operating Revenue Greater Than $500,000 but Less Than $1,500,000)				
Barrow Utilities and Electric Cooperative, Inc.	$----------[2]	$ 804,987	$ 74,685	908
Subtotal	$----------[2]	$ 804,987	$ 74,685	908
TOTALS	$157,479,366	$100,761,438	$15,929,831	79,131

SAMPLE MONTHLY RESIDENTIAL GAS RATES
(As of June 30, 1988)

COMMUNITY	MINIMUM BILL	AVERAGE BILL	APPROXIMATELY AVERAGE MONTHLY CONSUMPTION (MCF)	UTILITY SERVING COMMUNITY
Anchorage	$ 4.50	50.913	14.9	ENSTAR Natural Gas Company
Barrow	11.00	41.14	21.9	Barrow Utilities and Electric Cooperative, Inc.
Eagle River	4.50	50.91	14.9	ENSTAR Natural Gas Company
Kenai	4.50	50.91	14.9	ENSTAR Natural Gas Company
Palmer	4.50	50.91	14.9	ENSTAR Natural Gas Company
Soldotna	4.50	50.91	14.9	ENSTAR Natural Gas Company
Wasilla	4.50	50.91	14.9	ENSTAR Natural Gas Company

[1]Combined for ENSTAR Natural Gas Company and Alaska Pipeline Company.

[2]Gas plant not segregated from electric, sewer, water, or general plant.

CERTIFICATED REFUSE AND GARBAGE UTILITIES

*All Alaska Enterprises,
Mike Downs d/b/a
*Alma Corporation
*Anchorage, Municipality of
Anchorage Refuse, Inc.
*Aniak Disposal Service,
Ronald N. Choate d/b/a
*Beluga Environmental Services, Inc.
*Bob's Disposal Service,
Bobby C. Pate d/b/a
*C & S Enterprises
Channel Sanitation Corporation
*Colville Environmental Services
*Copper Valley Construction Company
*Delta Sanitation,
Joe Peters d/b/a
*Dillingham Refuse, Inc.
Drake's Sanitation, Inc.
Eagle River Refuse, Inc.
*Fairbanks, City of
Department of Public Works
Far North Sanitation Service, Inc.
*Haines Sanitation,
Frank E. & Arla L. Shull d/b/a
Interior Services,
Ralph E. Bartlett d/b/a
*Irwin's Garbage Disposal,
Jennie Irwin d/b/a
*J. D. Refuse Service,
Delores R. Burnham d/b/a
*Juneau Sanitation Corporation
*Ketchikan, City of
Kodiak Sanitation, Inc.
*MacKenzie Refuse
*March Disposal,
Robert Marlow & George Chapman d/b/a
*Matanuska-Susitna Borough
*McGrath Trash and Refuse

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*Not regulated by Alaska Public Utilities Commission as to rates and services.

CERTIFICATED REFUSE AND GARBAGE UTILITIES (CONT.)

*Naabia Niign, Ltd.
*North Slope Borough
*Palmer, City of
*Patterson Sanitation & Refuse
Service, Inc., Earl
Peninsula Sanitation Company, Inc.
*Petersburg, City of
*Seward Service,
Herman E. Leirer d/b/a
*Skagway, City of
*Sutton Sanitation Services
*Thorne Bay, City of
*Tongass Sanitation,
Wallace A. & Diana L. Crowe d/b/a
*Valdez Alaska Terminals, Inc.
*Valley Refuse, Paul B. Robinson and
Shonda Robinson d/b/a
Wasilla Refuse, Inc.[1]
*Williwaw Services, Inc.

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*Not regulated by Alaska Public Utilities Commission as to rates and services.

[1]Wasilla Refuse, Inc., is the holder of two refuse utility certificates for service in the Palmer/Wasilla area.

REFUSE AND GARBAGE UTILITIES
(1987 Calendar Year)

Utility	Net Plant	Revenues Total Revenues	Revenues Net Income	Customers
(Gross Operating Revenue Greater Than $200,000)				
Anchorage Refuse, Inc.	$2,458,804	$ 9,210,396	$163,811	26,076
Channel Sanitation Corporation	276,894	2,132,305	<390,484>	4,920
Drake's Sanitation, Inc.[1]	132,488	454,641	<8,716>	165
Eagle River Refuse, Inc.	185,610	932,965	32,697	4,118
Far North Sanitation, Inc.	1,569,616	1,214,258	133,867	712
Interior Services, Ralph E. Bartlett d/b/a	788,822	519,916	<23,948>	262
Kodiak Sanitation, Inc.	82,437	820,551	70,322	182
Peninsula Sanitation Company, Inc.[2]	252,395	1,350,321	85,804	1,340
Wasilla Refuse, Inc.[3]	130,780	541,037	74,584	702
TOTAL	$5,877,846	$17,176,390	$137,937	38,477

SAMPLE MONTHLY RESIDENTIAL REFUSE RATES
(As of June 30, 1988)

COMMUNITY	1 RECEPTACLE 1 PICK-UP/ WEEK	2 RECEPTACLES 1 PICK-UP/ WEEK	UTILITY
Anchorage	$ 13.34	$ 13.34	Anchorage Refuse, Inc.
Eagle River	13.34	13.34	Eagle River Refuse, Inc.
Fairbanks	12.00	12.00	Far North Sanitation Service, Inc.
Fairbanks	12.00	12.00	Drake's Sanitation, Inc.
Fairbanks	6.00	6.00	Interior Services, Ralph E. Bartlett d/b/a
Girdwood/Alyeska	11.50	11.50	Peninsula Sanitation Company, Inc.
Homer	9.23	12.98	Peninsula Sanitation Company, Inc.
Hope-Turnagain Arm	11.50	11.50	Peninsula Sanitation Company, Inc.
Juneau	18.44	18.44	Channel Sanitation Corporation
Kenai	10.13	10.13	Peninsula Sanitation Company, Inc.
Kodiak	5.50	5.50	Kodiak Sanitation, Inc.
Mat-Su Valley	20.00	20.00	Wasilla Refuse, Inc.

[1]Information presented for year ending 4/30/87.

[2]Information presented for year ending 6/30/87.

[3]Information presented for year ending 3/31/88.

CERTIFICATED SEWER (WASTEWATER) UTILITIES

Anchorage Water and Wastewater Utility,
Municipality of Anchorage d/b/a
Barrow Utilities and Electric
Cooperative, Inc.
College Utilities Corp.
*Copper Valley Construction Company
*Cordova, City of
*Craig, City of
*Dillingham, City of
*Fairbanks Municipal Utilities System,
City of Fairbanks d/b/a
*Galena, City of
*Haines, City of
*Homer, City of
*Hoonah, City of
*Juneau, City and Borough of
*Kake, City of
*Kenai, City of
*Ketchikan, City of
*Ketchikan Gateway Borough
*Kodiak, City of
*Kotzebue Municipal Utilities,
City of Kotzebue d/b/a
*Nenana, City of
*Nome Joint Utility Systems
*North Pole Utility, City of
North Pole d/b/a
*North Slope Borough Utilities
*Palmer, City of
*Petersburg, City of
*Rangeview Utilities
Salmantof Utilities, Inc.
*Saxman, City of
*Seldovia, City of
Settlers Bay Properties, Inc.
*Seward, City of
*Sitka, City and Borough of
*Skagway, City of
*Soldotna, City of
*Thorne Bay, City of
*Unalaska, City of
*Valdez, City of
*Wasilla, City of
*Whittier, City of
*Wrangell, City of

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*Not regulated by Alaska Public Utilities Commission as to rates and services.

SEWER (WASTEWATER) UTILITIES
(1987 Calendar Year)

Utility	Net Plant[1]	REVENUES Total Revenues	REVENUES Net Income	Users
(Gross Operating Revenue Greater Than $1,000,000)				
Anchorage Water and Wastewater Utility, Municipality of Anchorage d/b/a	$54,302,553	$18,099,805	$<1,288,190>	49,140
College Utilities Corp.[2]	2,281,975	1,366,995	101,412	1,554
Subtotal	$56,584,528	$19,466,800	$<1,186,778>	50,694
(Gross Operating Revenue Less Than $250,000)				
Barrow Utilities and Electric Cooperative, Inc.	$----------[3]	$ 554,580	$ 3,333	367
Salmantof Utilities, Inc.	50,000	884	514	3
Settlers Bay Properties, Inc.	- 0 -	5,045	<159,390>	12
Subtotal	$ 50,000	$ 560,509	$ <155,543>	382
TOTALS	$56,634,528	$20,027,309	$<1,342,321>	51,076

SAMPLE MONTHLY RESIDENTIAL SEWER (WASTEWATER) RATES
(As of June 30, 1987)

COMMUNITY	FLAT RATE	UTILITY SERVING COMMUNITY
Anchorage Eagle River Girdwood	$ 18.85	Anchorage Water and Wastewater Utility, Municipality of Anchorage d/b/a
Fairbanks	30.85[4]	College Utilities Corp.
Kenai	13.50	Salmantof Utilities, Inc.
Settlers Bay	10.85	Settlers Bay Properties, Inc.

[1]Net of contributions-in-aid-of-construction which consist of assessments or grants from customers or other sources which are used to fund plant construction costs.

[2]Information presented for year ended 11/30/87.

[3]Sewer plant not segregated from electric, gas, water, or general plant.

[4]Average single-family metered bill.

TELECOMMUNICATIONS UTILITIES

CERTIFICATED CABLE TELEVISION UTILITIES*

Alaska Cablevision, Inc.[1]
Alyeska Cable Company
ASRC Communications, Ltd.
Bay Cablevision, Inc.
Bethel Cablevision, Inc.
Cable Company, Inc., The
Cooke Cablevision, Inc.[2]
Dillingham Cablevision, Inc.
Eyecom, Inc. [3]
Gerstein Communications
Hoonah Tlingit & Haida Community Council
Lynn Canal Cable Vision,
  Jack W. Brown d/b/a
M²PDC, Inc.
Matanuska Valley Cablevision, Inc.
McCaw Communications of Alaska, Inc.
McCaw/Rock Homer Cable System
McCaw/Rock Seward Cable System
McGrath Broadcasting Company
Mt. Dutton Cable Corporation
Pelican Utility Company
Shishmaref Native Corporation
Skagway Network Television,
  Jack W. Brown d/b/a
Sonic Cable Television of Alaska, Inc.[4]
Supervision Cable T.V.
Thorne Bay Community T.V., Inc.
UniVista, Inc.
Village Cable Company, Inc.

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*Not regulated by Alaska Public Utilities Commission as to rates and services.

[1]Alaska Cablevision, Inc., is the holder of six cable television certificates for providing service to Cordova, Kodiak, Kotzebue, Nome, Valdez, and Wrangell.

[2]Cooke Cablevision, Inc., is the holder of three cable television certificates for providing service to Sitka, Ketchikan, Juneau, and Fairbanks that were transferred from McCaw Communications.

[3]Eyecom, Inc., is the holder of three cable television certificates for providing service to City of Galena, Galena Air Force Base, Unalaska, and Port Lions.

[4]Sonic Cable Television of Alaska, Inc., is the holder of two cable television certificates for providing service to Anchorage and the Kenai/Soldotna areas.

TELECOMMUNICATIONS UTILITIES

CERTIFICATED RADIO COMMON CARRIER UTILITIES[1]

Cermak's Tundra Service,
Gordon L. Cermak d/b/a

Communications Equipment & Service, Inc.

Girl Friday Communications,
Girl Friday, Inc. d/b/a[2]

Ketchikan Public Utilities,
City of Ketchikan d/b/a

Keyes Point Communications, Inc.

Kodiak Radio, Inc.

Lloyd V. Morris & Associates

McCaw RCC Communications of Fairbanks, Inc.

Prudhoe Communications, Inc.

Radio Communications, Inc.

South Central Radar and Communications

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[1]The Commission, on its own motion, economically deregulated Radio Common Carriers in 1982. These utilities continue to be subject to certification by the Commission. (AS 42.05.221 -- 42.05.281.)

[2]This certificate of public convenience and necessity was revoked in FY88.

TELECOMMUNICATIONS UTILITIES

CERTIFICATED TELEPHONE UTILITIES

Alascom, Inc.
Anchorage Telephone Utility,
Municipality of Anchorage d/b/a
Arctic Slope Telephone Association
Cooperative, Inc.
*Bettles Telephone, Inc.
Bristol Bay Telephone Cooperative, Inc.
Bush-Tell, Incorporated
Copper Valley Telephone Cooperative, Inc.
*Cordova Telephone Cooperative, Inc.
*Fairbanks Municipal Utilities System,
City of Fairbanks d/b/a
General Telephone Company of Alaska
Interior Telephone Company
*Ketchikan, City of
Matanuska Telephone Association, Inc.
Mukluk Telephone Company, Inc.
National Utilities, Inc.
*North Country Telephone Company
Nushagak Telephone Cooperative, Inc.
OTZ Telephone Cooperative, Inc.
*Summit Telephone Company,
The Summit Telephone & Telegraph
Company of Alaska d/b/a
Telephone Utilities of Alaska, Inc.
Telephone Utilities of the Northland, Inc.
United Utilities, Inc.
Yukon Telephone Company, Inc.

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*Not regulated by Alaska Public Utilities Commission as to rates and services.

TELECOMMUNICATION UTILITIES
(Long Lines and Local Exchange Carriers)
(1987 Calendar Year)

Utility	Net Plant	Revenues		Main Access Lines
		Total Revenues	Net Income	
(Gross Operating Revenue Greater Than $4,000,000)				
Alascom, Inc.	$329,029,964	$281,030,131	$42,456,392	N/A
Anchorage Telephone Utility, Municipality of Anchorage d/b/a	219,695,213	87,020,380	1,669,758	112,107
General Telephone Company of Alaska	12,884,689	8,255,030	1,002,776	10,602
Interior Telephone Company	8,837,986	4,407,591	8,605	1,965
Matanuska Telephone Association, Inc.	91,414,691	29,325,474	1,381,188	25,418
Telephone Utilities of Alaska, Inc.	94,008,561	43,760,048	6,850,419	34,031
Telephone Utilities of the Northland, Inc.	22,871,989	14,845,183	2,058,959	14,297
United Utilities, Inc.	15,760,748	7,651,037	652,195	2,865
Subtotal	$794,503,841	$476,294,874	$56,080,292	201,285
(Gross Operating Revenue Greater Than $1,000,000 but Less Than $4,000,000)				
Arctic Slope Telephone Association Cooperative, Inc.	$ 3,429,404	$ 3,828,686	$ 564,797	855
Bristol Bay Telephone Cooperative, Inc.	3,073,711	1,517,469	150,112	942
Copper Valley Telephone Cooperative, Inc.	10,453,257	3,432,288	696,218	2,795
Mukluk Telephone Company, Inc.	2,731,542	1,363,916	347,815	642
National Utilities, Inc.	1,670,124	1,419,241	208,968	1,571
Nushagak Telephone Cooperative, Inc.	3,436,799	1,754,223	304,736	1,286
OTZ Telephone Cooperative, Inc.	3,900,178	2,001,821	349,989	1,540
Subtotal	$ 28,695,015	$ 15,317,644	$ 2,622,635	9,631
(Gross Operating Revenue Less Than $1,000,000)				
Bush-Tell, Incorporated	$ 2,384,383	$ 814,510	$ <14,506>	520
Yukon Telephone Company, Inc.	684,335	644,904	<63,290>	343
Subtotal	$ 3,068,718	$ 1,459,414	$ <77,796>	863
TOTAL	$826,267,574	$493,071,932	$ 58,625,131	211,779

SAMPLE MONTHLY RESIDENTIAL TELEPHONE RATES
(As of June 30, 1988)

As most consumers are aware, the regulation of the telephone industry has changed significantly during the 1980s. In 1980, for example, the rates shown in this section would have been based on the premise that the utility was responsible not only for providing consumers access to the telephone network but also for providing the telephone instruments and maintaining the telecommunications wiring inside a consumer's premises.

Responding to Federal Communications Commission directives issued in 1982, this Commission required all regulated local exchange utilities to unbundle (break down) their monthly telephone rates into separate components for customer premised equipment, inside wiring, and access lines. Since that time, customer premises equipment and inside wiring have been deregulated--customers now buy their own telephone instruments wherever they wish and are responsible for maintaining the telecommunications wiring inside their homes. The majority of the rates shown in the following chart are for access lines only and do not include any charge for inside wiring or telephone instruments.

COMMUNITY	ACCESS LINE	UTILITY SERVING COMMUNITY
Akhiok	$17.50	Telephone Utilities of the Northland, Inc.
Akiachak	19.23	United Utilities, Inc.
Akiak	19.23	United Utilities, Inc.
Akutan	17.50	Telephone Utilities of the Northland, Inc.
Alakanuk	19.23	United Utilities, Inc.
Allakaket	17.50	Telephone Utilities of the Northland, Inc.
Ambler	15.95	OTZ Telephone Cooperative, Inc.
Anaktuvuk Pass	7.30	Arctic Slope Telephone Association Cooperative, Inc.
Anchorage[1]	4.85	Anchorage Telephone Utility, Municipality of Anchorage d/b/a
Angoon	8.70	Telephone Utilities of the Northland, Inc.
Aniak	21.50	Bush-Tell, Incorporated

[1]Anchorage Telephone Utility has 8 zones in the Anchorage exchange. The access lines vary from $4.85 in Zone 1 to $10.10 in Zone A6.

SAMPLE MONTHLY RESIDENTIAL TELEPHONE RATES (CONT.)

(As of December 31, 1988)

COMMUNITY	ACCESS LINE	UTILITY SERVING COMMUNITY
Anvik	$21.50	Bush-Tell, Incorporated
Arctic Village	19.23	United Utilities, Inc.
Atka	17.50	Telephone Utilities of the Northland, Inc.
Atkasuk	7.30	Arctic Slope Telephone Association Cooperative, Inc.
Atmautluak	19.23	United Utilities, Inc.
Barrow	11.70	General Telephone Company of Alaska
Beaver	19.23	United Utilities, Inc.
Bethel	10.80	General Telephone Company of Alaska
Big Lake	8.90	Matanuska Telephone Association, Inc.
Birch Creek	19.23	United Utilities, Inc.
Bird	8.60	Anchorage Telephone Utility, Municipality of Anchorage d/b/a
Border City	17.50	Telephone Utilities of the Northland, Inc.
Brevig Mission	14.20	Mukluk Telephone Company, Inc.
Buckland	15.95	OTZ Telephone Cooperative, Inc.
Candle	15.95	OTZ Telephone Cooperative, Inc.
Cantwell	8.90	Matanuska Telephone Association, Inc.
Central	19.23	United Utilities, Inc.
Chalkyitsik	19.23	United Utilities, Inc.
Chefornak	19.23	United Utilities, Inc.
Chevak	19.23	United Utilities, Inc.
Chignik	17.50	Telephone Utilities of the Northland, Inc.
Chignik Lagoon	17.50	Telephone Utilities of the Northland, Inc.
Chignik Lake	17.50	Telephone Utilities of the Northland, Inc.
Chitina	14.00	Copper Valley Telephone Cooperative, Inc.
Chuathbaluk	19.23	United Utilities, Inc.
Chugiak	13.80	Matanuska Telephone Association, Inc.
Circle Hot Springs	19.23	United Utilities, Inc.
Clark's Point	26.25	Nushagak Telephone Cooperative, Inc.
Clear	8.90	Matanuska Telephone Association, Inc.
Coffman Cove	17.50	Telephone Utilities of the Northland, Inc.

SAMPLE MONTHLY RESIDENTIAL TELEPHONE RATES (CONT.)
(As of June 30, 1988)

COMMUNITY	ACCESS LINE	UTILITY SERVING COMMUNITY
Cold Bay	$24.40	Interior Telephone Company
Cooper Landing	27.90	Interior Telephone Company
Craig	8.60	National Utilities, Inc.
Crooked Creek	21.50	Bush-Tell, Incorporated
Cube Cove	38.40	Telephone Utilities of the Northland, Inc.
Deadhorse	7.30	Arctic Slope Telephone Association Cooperative, Inc.
Deering	15.95	OTZ Telephone Cooperative, Inc.
Delta Junction	22.86	Telephone Utilities of the Northland, Inc.
Dillingham	14.00	Nushagak Telephone Cooperative, Inc.
Dot Lake	10.95	National Utilities, Inc.
Douglas	6.11	Telephone Utilities of Alaska, Inc.
Eagle River	13.80	Matanuska Telephone Association, Inc.
Eek	19.23	United Utilities, Inc.
Egegik	17.50	Telephone Utilities of the Northland, Inc.
Ekuk	26.25	Nushagak Telephone Cooperative, Inc.
Ekwok	14.35	Bristol Bay Telephone Cooperative, Inc.
Elfin Cove	17.50	Telephone Utilities of the Northland, Inc.
Elim	14.20	Mukluk Telephone Company, Inc.
Emmonak	19.23	United Utilities, Inc.
English Bay	17.50	Telephone Utilities of the Northland, Inc.
False Pass	17.50	Telephone Utilities of the Northland, Inc.
Ft. Greely	22.86	Telephone Utilities of the Northland, Inc.
Ft. Richardson	5.80	Anchorage Telephone Utility, Municipality of Anchorage d/b/a
Ft. Wainwright	6.32	Telephone Utilities of Alaska, Inc.
Ft. Yukon	24.40	Interior Telephone Company
Galena	27.90	Interior Telephone Company
Gambell	19.23	United Utilities, Inc.
Girdwood	6.60	Anchorage Telephone Utility, Municipality of Anchorage d/b/a
Glacier View	20.90	Matanuska Telephone Association, Inc.
Glennallen	11.30	Copper Valley Telephone Cooperative, Inc.
Golovin	14.20	Mukluk Telephone Company, Inc.

SAMPLE MONTHLY RESIDENTIAL TELEPHONE RATES (CONT.)
(As of June 30, 1988)

COMMUNITY	ACCESS LINE	UTILITY SERVING COMMUNITY
Goodnews Bay	$19.23	United Utilities, Inc.
Grayling	21.50	Bush-Tell, Incorporated
Gustavus	8.70	Telephone Utilities of the Northland, Inc.
Haines	6.50	General Telephone Company of Alaska
Haines Highway Line	9.90	General Telephone Company of Alaska
Halibut Cove	17.50	Telephone Utilities of the Northland, Inc.
Healy	8.90	Matanuska Telephone Association, Inc.
Hobart Bay	17.50	Telephone Utilities of the Northland, Inc.
Holy Cross	21.50	Bush-Tell, Incorporated
Homer	14.16	Telephone Utilities of the Northland, Inc.
Hoonah	8.70	Telephone Utilities of the Northland, Inc.
Hooper Bay	19.23	United Utilities, Inc.
Hope	6.60	Anchorage Telephone Utility, Municipality of Anchorage d/b/a
Hughes	17.50	Telephone Utilities of the Northland, Inc.
Huslia	17.50	Telephone Utilities of the Northland, Inc.
Hydaburg	8.60	National Utilities, Inc.
Hyder	2.90	General Telephone Company of Alaska
Igiugig	14.35	Bristol Bay Telephone Cooperative, Inc.
Iliamna	27.90	Interior Telephone Company
Indian	8.60	Anchorage Telephone Utility, Municipality of Anchorage d/b/a
Ivanoff Bay	17.50	Telephone Utilities of the Northland, Inc.
Juneau	6.11	Telephone Utilities of Alaska, Inc.
Kake	8.70	Telephone Utilities of the Northland, Inc.
Kakhonak	17.50	Telephone Utilities of the Northland, Inc.
Kaktovik	7.30	Arctic Slope Telephone Association Cooperative, Inc.
Kalskag	21.50	Bush-Tell, Incorporated
Kaltag	17.50	Telephone Utilities of the Northland, Inc.
Karluk	17.50	Telephone Utilities of the Northland, Inc.
Kasaan	17.50	Telephone Utilities of the Northland, Inc.
Kasigluk	19.23	United Utilities, Inc.
Kenai	18.71	Telephone Utilities of the Northland, Inc.

SAMPLE MONTHLY RESIDENTIAL TELEPHONE RATES (CONT.)

(As of June 30, 1988)

COMMUNITY	ACCESS LINE	UTILITY SERVING COMMUNITY
Kiana	$15.95	OTZ Telephone Cooperative, Inc.
King Cove	27.90	Interior Telephone Company
King Salmon	18.55	Bristol Bay Telephone Cooperative, Inc.
Kipnuk	19.23	United Utilities, Inc.
Kivalina	15.95	OTZ Telephone Cooperative, Inc.
Klawock	8.70	Telephone Utilities of the Northland, Inc.
Kobuk	15.95	OTZ Telephone Cooperative, Inc.
Kodiak	12.01	Telephone Utilities of the Northland, Inc.
Koliganik	14.35	Bristol Bay Telephone Cooperative, Inc.
Kongiganak	19.23	United Utilities, Inc.
Kotlik	19.23	United Utilities, Inc.
Kotzebue	15.95	OTZ Telephone Cooperative, Inc.
Koyuk	14.20	Mukluk Telephone Company, Inc.
Koyukuk	17.50	Telephone Utilities of the Northland, Inc.
Kwethluk	19.23	United Utilities, Inc.
Kwigillingok	19.23	United Utilities, Inc.
Larsen Bay	17.50	Telephone Utilities of the Northland, Inc.
Levelock	14.35	Bristol Bay Telephone Cooperative, Inc.
Long Island	39.40	Telephone Utilities of the Northland, Inc.
Manley Hot Springs	19.23	United Utilities, Inc.
Manokotak	26.25	Nushagak Telephone Cooperative, Inc.
Marshall	19.23	United Utilities, Inc.
McGrath	10.80	General Telephone Company of Alaska
Mekoryuk	19.23	United Utilities, Inc.
Mentasta	14.00	Copper Valley Telephone Cooperative, Inc.
Meshik	17.50	Telephone Utilities of the Northland, Inc.
Metlakatla	7.35	General Telephone Company of Alaska
Minto	19.23	United Utilities, Inc.
Moose Pass	9.05	General Telephone Company of Alaska
Mt. Edgecumbe	8.70	Telephone Utilities of the Northland, Inc.
Mt. Village	19.23	United Utilities, Inc.
Naknek	18.55	Bristol Bay Telephone Cooperative, Inc.
Napakiak	19.23	United Utilities, Inc.

SAMPLE MONTHLY RESIDENTIAL TELEPHONE RATES (CONT.)
(As of June 30, 1988)

COMMUNITY	ACCESS LINE	UTILITY SERVING COMMUNITY
Napaskiak	$19.23	United Utilities, Inc.
Nelson Lagoon	17.50	Telephone Utilities of the Northland, Inc.
Nenana	22.86	Telephone Utilities of the Northland, Inc.
New Chenega Bay	19.23	United Utilities, Inc.
New Stuyahok	14.35	Bristol Bay Telephone Cooperative, Inc.
Newtok	19.23	United Utilities, Inc.
Nightmute	19.23	United Utilities, Inc.
Nikolai	19.23	United Utilities, Inc.
Nikolski	17.50	Telephone Utilities of the Northland, Inc.
Ninilchik	18.71	Telephone Utilities of the Northland, Inc.
Noatak	15.95	OTZ Telephone Cooperative, Inc.
Nome	7.35	General Telephone Company of Alaska
Nondalton	17.50	Telephone Utilities of the Northland, Inc.
Noorvik	15.95	OTZ Telephone Cooperative, Inc.
North Kenai	18.71	Telephone Utilities of the Northland, Inc.
North Pole	22.86	Telephone Utilities of the Northland, Inc.
Northway	15.25	Telephone Utilities of the Northland, Inc.
Nuiqsut	7.30	Arctic Slope Telephone Association Cooperative, Inc.
Nulato	17.50	Telephone Utilities of the Northland, Inc.
Nunapitchuk	19.23	United Utilities, Inc.
Old Harbor	17.50	Telephone Utilities of the Northland, Inc.
Ouzinkie	17.50	Telephone Utilities of the Northland, Inc.
Palmer	8.90	Matanuska Telephone Association, Inc.
Pedro Bay	17.50	Telephone Utilities of the Northland, Inc.
Pelican	7.65	Telephone Utilities of the Northland, Inc.
Perryville	17.50	Telephone Utilities of the Northland, Inc.
Petersburg	9.05	General Telephone Company of Alaska
Pilot Point	17.50	Telephone Utilities of the Northland, Inc.
Pilot Station	19.23	United Utilities, Inc.
Platinum	19.23	United Utilities, Inc.
Point Baker	17.50	Telephone Utilities of the Northland, Inc.
Point Hope	7.30	Arctic Slope Telephone Association Cooperative, Inc.

SAMPLE MONTHLY RESIDENTIAL TELEPHONE RATES (CONT.)

(As of June 30, 1988)

COMMUNITY	ACCESS LINE	UTILITY SERVING COMMUNITY
Point Lay	$ 7.30	Arctic Slope Telephone Association Cooperative, Inc.
Port Alexander	17.50	Telephone Utilities of the Northland, Inc.
Port Alsworth	17.50	Telephone Utilities of the Northland, Inc.
Port Graham	17.50	Telephone Utilities of the Northland, Inc.
Port Lions	14.85	Interior Telephone Company
Port Protection	17.50	Telephone Utilities of the Northland, Inc.
Quinhagak	19.23	United Utilities, Inc.
Rampart	19.23	United Utilities, Inc.
Red Devil	21.50	Bush-Tell, Incorporated
Ruby	17.00	Yukon Telephone Company, Inc.
Russian Mission	19.23	United Utilities, Inc.
Sand Point	14.85	Interior Telephone Company
Savoonga	19.23	United Utilities, Inc.
Scammon Bay	19.23	United Utilities, Inc.
Selawik	15.95	OTZ Telephone Cooperative, Inc.
Seldovia	21.11	Telephone Utilities of the Northland, Inc.
Seward	9.05	General Telephone Company of Alaska
Shageluk	21.50	Bush-Tell, Incorporated
Shaktoolik	14.20	Mukluk Telephone Company, Inc.
Sheldon Point	19.23	United Utilities, Inc.
Shishmaref	14.20	Mukluk Telephone Company, Inc.
Shungnak	15.95	OTZ Telephone Cooperative, Inc.
Sitka	8.70	Telephone Utilities of the Northland, Inc.
Skagway	5.55	National Utilities, Inc.
Sleetmute	21.50	Bush-Tell, Incorporated
Soldotna	18.71	Telephone Utilities of the Northland, Inc.
South Naknek	18.55	Bristol Bay Telephone Cooperative, Inc.
St. George	17.50	Telephone Utilities of the Northland, Inc.
St. Marys	19.23	United Utilities, Inc.
St. Michael	14.20	Mukluk Telephone Company, Inc.
St. Paul	12.65	Telephone Utilities of the Northland, Inc.
Stebbins	14.20	Mukluk Telephone Company, Inc.
Sterling	14.91	Telephone Utilities of Alaska, Inc.

SAMPLE MONTHLY RESIDENTIAL TELEPHONE RATES (CONT.)

(As of June 30, 1988)

COMMUNITY	ACCESS LINE	UTILITY SERVING COMMUNITY
Stevens Village	$19.23	United Utilities, Inc.
Stony River	21.50	Bush-Tell, Incorporated
Takotna	19.23	United Utilities, Inc.
Talkeetna	8.90	Matanuska Telephone Association, Inc.
Tanana	17.00	Yukon Telephone Company, Inc.
Tatitlik	14.00	Copper Valley Telephone Cooperative, Inc.
Telida	19.23	United Utilities, Inc.
Teller	14.20	Mukluk Telephone Company, Inc.
Tenakee Springs	17.50	Telephone Utilities of the Northland, Inc.
Thorne Bay	8.70	Telephone Utilities of the Northland, Inc.
Togiak	19.23	United Utilities, Inc.
Tok	10.95	National Utilities, Inc.
Toksook Bay	19.23	United Utilities, Inc.
Tuluksak	19.23	United Utilities, Inc.
Tuntutuliak	19.23	United Utilities, Inc.
Tununak	19.23	United Utilities, Inc.
Tyonek	8.90	Matanuska Telephone Association, Inc.
Unalakleet	10.80	General Telephone Company of Alaska
Unalaska	27.90	Interior Telephone Company
Valdez	9.25	Copper Valley Telephone Cooperative, Inc.
Venetie	19.23	United Utilities, Inc.
Wainwright	7.30	Arctic Slope Telephone Association Cooperative, Inc.
Wales	14.20	Mukluk Telephone Company, Inc.
Wasilla	8.90	Matanuska Telephone Association, Inc.
White Mountain	14.20	Mukluk Telephone Company, Inc.
Whittier	17.00	Yukon Telephone Company, Inc.
Willow	8.90	Matanuska Telephone Association, Inc.
Wrangell	9.05	General Telephone Company of Alaska
Yakutat	7.65	Telephone Utilities of the Northland, Inc.

CERTIFICATED WATER UTILITIES

Alpat Water Utility Company
Alyeska Utilities, Inc.
Anchorage Water and Wastewater Utility,
Municipality of Anchorage d/b/a
Barrow Utilities and Electric
Cooperative, Inc.
Chugiak Utilities
College Utilities Corp.
*Copper Valley Construction Company
*Cordova, City of
*Craig, City of
Dawn Development Corporation
*Dillingham, City of
Eagle Utilities, Inc.
Eklutna Utilities, Inc.
ERU, Inc.
*Fairbanks Municipal Utilities System,
City of Fairbanks d/b/a
*Fort Yukon, City of
*Galena, City of
*Haines, City of
*Homer, City of
*Hoonah, City of
*Hydaburg, City of
*Juneau, City and Borough of
*Kake, City of
*Kenai, City of
*Ketchikan, City of
*Klawock, City of
*Kodiak, City of
*Kotzebue Municipal Utilities,
City of Kotzebue d/b/a
Kwik Log Water System,
Myron Allon Newton d/b/a
Matanuska Utility Company, Inc.
McGahan Utilities, Inc.
*McGrath, City of
McKinley Utilities, Inc.
*Mountain Point Service Area of the
Ketchikan Gateway Borough
*Nenana, City of
*N.L.T. Water Company, Inc.

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*Not regulated by Alaska Public Utilities Commission as to rates and services.

CERTIFICATED WATER UTILITIES (CONT.)

*Nome Joint Utility Systems
Norfolk Utilities, Inc.
*North Pole Utility, City of
North Pole d/b/a
*North Slope Borough
Omlin Water Utility,
Paul Omlin d/b/a
*Palmer, City of
Pelican Utility Company
*Petersburg, City of
Potter Creek Water Company
*Rangeview Utilities
Romig Park Improvement Company
Sandlake Services,
R. J. & Clara Rhodes d/b/a
*Saxman, City of
*Seldovia, City of
Settlers Bay Properties, Inc.
*Seward, City of
*Sitka, City and Borough of
*Skagway, City of
*Soldotna, City of
South Central Utilities, Inc.
Southeast Utilities Company,
Robert M. Scott, Evelyn V.
Scott, Charles J. Schneider
and Marlene C. Schneider, S & S
Development Company d/b/a
Spenard Heights Water System,
Wayne Cates d/b/a
*Thorne Bay, City of
*Unalaska, City of
*Valdez, City of
Valley Water Company, Inc.
*Wasilla, City of
*Whittier, City of
*Wrangell, City of
*Yakutat, City of

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*Not regulated by Alaska Public Utilities Commission as to rates and services.

WATER UTILITIES
(1987 Calendar Year)

Utility	Net Plant[1]	Revenues Gross Revenues	Revenues Net Income	Users
(Gross Operating Revenue Greater Than $1,000,000)				
Anchorage Water and Wastewater Utility, Municipality of Anchorage d/b/a	$91,067,395	$17,029,084	$391,062	40,305
Barrow Utilities and Electric Cooperative, Inc.	----------[2]	2,497,134	421,071	380
College Utilities Corp.[3]	3,685,731	1,402,341	178,270	1,608
Subtotal	$94,753,126	$20,928,559	$990,403	42,293
(Gross Operating Revenue Less Than $250,000)				
Alpat Water Utility Company	$ 93,299	$ 22,782	$ 9,976	76
Alyeska Utilities, Inc.[4]	85,689	102,143	20,522	526
Chugiak Utilities	247,418	51,919	20,454	195
Dawn Development Corporation		(Not Reported)		
Eagle Utilities, Inc.	- 0 -	29,459	7,868	83
Eklutna Utilities, Inc.	456,993	193,555	<66,475>	608
ERU, Inc.	66,608	9,727	<5,352>	34
Kwik Log Water System, Myron Allon Newton d/b/a	- 0 -	2,688	890	18
Matanuska Utility Company, Inc.	69,689	12,443	<1,159>	12
McGahan Utilities, Inc.	22,801	23,046	2,683	N/A
McKinley Utilities, Inc.[5]	69,742	9,924	1,635	34
Norfolk Utilities, Inc.	696,505	248,156	235	866
Omlin Water Utility, Paul Omlin d/b/a	31,216	4,437	533	15
Pelican Utility Company		(Not Reported)		

[1]Net of contributions-in-aid-of-construction which consist of assessments or grants from customers or other sources which are used to fund plant construction costs.

[2]Water plant not segregated from electric, gas, sewer, or general plant.

[3]Information presented for year ended 11/30/87.

[4]Information presented for year ended 4/30/87.

[5]Information presented for year ended 9/30/87.

WATER UTILITIES (CONT.)
(1987 Calendar Year)

Utility	Net Plant[1]	Gross Revenues	Net Income	Users
Potter Creek Water Company	$ 128,642	500	<3,653>	9
Romig Park Improvement Company[2]	- 0 -	12,350	<3,174>	85
Sandlake Services, R. J. & Clara Rhodes d/b/a	35,648	28,566	9,318	138
Settlers Bay Properties, Inc.	- 0 -	8,670	<62,080>	62
South Central Utilities, Inc.	81,577	1,323	<22,183>	11
Southeast Utilities, Inc., Robert M. Scott, Evelyn V. Scott, Charles J. Schneider and Marlene C. Schneider, S & S Development d/b/a	214,912	116,983	30,415	638
Spenard Heights Water System, Wayne Cates d/b/a	5,742	4,857	<489>	40
Valley Water Company, Inc.[3]	230,175	157,600	54,568	265
Subtotal	$ 2,536,656	$ 1,041,128	$ <5,468>	3,715
TOTAL	$97,289,782	$21,969,687	$984,935	46,008

[1]Net of contributions-in-aid-of-construction which consist of assessments or grants from customers or other sources which are used to fund plant construction costs.

[2]Information presented for year ended 4/30/87.

[3]Information presented for year ended 3/31/88.

SAMPLE MONTHLY RESIDENTIAL WATER RATES
(As of June 30, 1988)

COMMUNITY	LOCATION	UNMETERED FLAT RATE	UTILITY SERVING COMMUNITY
Anchorage	Anchorage	$18.25	Anchorage Water and Wastewater Utility, Municipality of Anchorage d/b/a
	Highlands Subdivision	28.51[1]	Potter Creek Water Company
	Northcreek Subdivision	28.51[1]	Potter Creek Water Company
	Southcreek Subdivision	28.51[1]	Potter Creek Water Company
	Kwik Log Subdivision	8.00	Kwik Log Water System, Myron Allon Newton d/b/a
	Romig Park Subdivision	4.00	Romig Park Improvement Company
	Seacliff Subdivision	17.74	Sandlake Services, Rhodes R. J. & Clara d/b/a
	Spenard Heights Subdivision	10.50	Spenard Heights Water System, Wayne Cates d/b/a
	Strutz and Morehand Subdivision	23.65	Alpat Water Utility Company
	Country Lane Estates	24.09[1]	South Central Utilities, Inc.
	Taniana Valley Subdivision	24.09[1]	South Central Utilities, Inc.
Chugiak	Chugiak	26.00	McKinley Utilities, Inc.
	North Woods Subdivision	22.50	Chugiak Utilities
	Peters Creek	25.00	Dawn Development Corporation
	Thunderbird Heights Subdivision	29.80	Eklutna Utilities, Inc.
Eagle River	Eagle River	23.50	Norfolk Utilities, Inc.
	Eagle River	18.25	Anchorage Water and Wastewater Utility, Municipality of Anchorage d/b/a
	Hylen Crest Subdivision	25.00	ERU, Inc.
	Stewart Subdivision	25.00	ERU, Inc.

[1]Average monthly bill for metered residential customers.

SAMPLE MONTHLY RESIDENTIAL WATER RATES (CONT.)
(As of June 30, 1988)

COMMUNITY	LOCATION	UNMETERED FLAT RATE	UTILITY SERVING COMMUNITY
Fairbanks	College	$36.61[1]	College Utilities Corp.
	Lakloey Subdivision	49.71	Valley Water Company, Inc.
Girdwood	Alyeska	14.60	Alyeska Utilities, Inc.
Juneau	Switzer Village	15.28	Southeast Utilities Company, Robert M. Scott, Evelyn V. Scott, Charles J. Schneider, and Marlene C. Schneider, S & S Development d/b/a
Kenai Peninsula	Nikiski	12.50	McGahan Utilities, Inc.
Palmer	Equestrian Acres	35.30	Eagle Utilities, Inc.
Pelican	Pelican	5.60	Pelican Utility Company
Wasilla	Century Park Subdivision	26.00	Matanuska Utility Company, Inc.
	Knik Road	7.00	Settler's Bay Properties, Inc.
	Swiss Castle Estates Wasilla West (Tract 1)	36.00	Omlin Water Utility, Paul Omlin d/b/a

[1]Average monthly bill, including $5.58 fire protection charge, for metered residential customers.

UTILITIES WHICH HAVE HELD DEREGULATION ELECTIONS AND THE RESULTS OF THOSE ELECTIONS

Year	Utility	Election Result
1980	Matanuska Electric Association, Inc.	Member/subscribers voted against being deregulated.
1980	Glacier Highway Electric Association, Inc.	Member/subscribers elected to become deregulated.
1980	Tanana Power Company, Inc.	Subscribers voted against being deregulated.
1981	Cordova Electric Cooperative, Inc.	Member/subscribers elected to become deregulated.
1981	Cordova Telephone Cooperative, Inc.	Member/subscribers elected to become deregulated.
1981	Naknek Electric Association, Inc.	Member/subscribers elected to become deregulated.
1983	Circle Electric, Richard Hutchinson d/b/a	Subscribers elected to become deregulated.
1984	I-N-N Electric Cooperative, Inc.	Member/subscribers voted against being deregulated.
1986	Nelson Lagoon Electric Cooperative, Inc.	Member/subscribers voted to become deregulated.
1987	Manokotak Power Company	Subscribers elected to become deregulated.
1987	Eagle Power Company, Inc., Ralph E. Helmer d/b/a	Subscribers elected to become deregulated.
1988	Egegik Light and Power, Homer Lee Leonard d/b/a	Subscribers elected to become deregulated.
1988	Nushagak Electric Cooperative, Inc.	Member/subscribers voted to become deregulated.

FINANCIAL INFORMATION COVERING
FULLY REGULATED PIPELINE COMPANIES
1984-1987
(in 000's)
(Calendar Years)

	1984	1985	1986	1987
CARRIER PROPERTY				
Gross	$10,506,900	$ 9,881,973	$10,678,614	$10,001,738
Net	$ 7,682,645	$ 7,116,082	$ 7,245,707	$ 6,704,377
REVENUES				
Gross	$ 3,952,577	$ 3,233,867	$ 3,378,978	$ 2,879,301
Net	$ 1,748,505	$ 1,348,289	$ 1,198,228	$ 2,022,730
THROUGHPUT (Barrels)[1]	707,443	666,239	822,249	793,719

[1]Figures include data for crude oil shipments only; i.e., do not include shipments of natural gas by Olitok Pipeline Company or other petroleum products by Tesoro Alaska Pipeline Company (see p. 140 for detail).

CERTIFICATED AND REGULATED PIPELINE CARRIERS

Amerada Hess Pipeline Corporation

Arco Pipe Line Company

BP Pipelines, Inc.[1]

Cook Inlet Pipe Line Company

Endicott Pipeline Company

Exxon Pipeline Company

Golden Valley Electric Association, Inc.

Kenai Pipe Line Company

Kuparuk Transportation Company

Milne Point Pipe Line Company

Mobil Alaska Pipeline Company

Oliktok Pipeline Company

Phillips Alaska Pipeline Corporation

Sohio Alaska Pipeline Company

Tesoro Alaska Pipeline Company

Unocal Pipeline Company

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[1]BP Pipelines, Inc.'s certificate was transferred to Sohio Alaska Pipeline Company in March, 1988.

PIPELINE COMPANIES
(1987 Calendar Year)

(in 000's)

Pipeline Company	Property Gross	Property Net	Revenues Total Revenues	Revenues Net Income	Throughput[1] Barrels
Amerada Hess Pipeline Corporation	$ 149,545	$ 86,055	$ 40,685	$ 15,524	10,961
Arco Pipe Line Company	2,057,704	1,379,140	587,032	427,186	155,971
BP Pipelines, Inc.	1,613,480	1,089,345	482,069	347,835	7,148
Cook Inlet Pipe Line Company	42,446	11,266	13,002	3,689	11,439
Endicott Pipeline Company	54,626	53,217	6,209	3,194	8,746
Exxon Pipeline Company	1,920,441	1,275,679	548,074	386,998	144,401
Golden Valley Electric Association, Inc.	6,403	4,278	1,123	220	28,587
Kenai Pipe Line Company	12,618	4,701	4,361	2,447	32,800
Kuparuk Transportation Company	126,020	106,872	63,407	50,396	103,156
Milne Point Pipe Line Company	26,884	25,293	95	<1,086>	49
Mobil Alaska Pipeline Company	398,299	263,219	114,248	45,606	29,181
Oliktok Pipeline Company	30,574	27,408	12,752	8,822	- 0 -[2]
Phillips Alaska Pipeline Corporation	126,568	84,347	37,680	26,839	10,894
Sohio Alaska Pipeline Company	3,286,958	2,194,780	921,898	669,799	240,586
Tesoro Alaska Pipeline Company	22,701	14,403	7,247	5,237	- 0 -[3]
Unocal Pipeline Company	126,471	84,374	39,419	30,024	9,800
TOTAL	$10,001,738	$6,704,377	$2,879,301	$2,022,730	793,719

[1]Crude oil.

[2]Oliktok shipped 10,837,516 MCF's of natural gas.

[3]Tesoro shipped 10,032 barrels of gasoline, jet fuels, and other high volat petroleum fuels and 501 barrels of distillate fuel oil.

THE ALASKA PUBLIC UTILITIES COMMISSION

Susan M. Knowles, Chairman
Carolyn S. Guess
Louis E. Agi
Kathleen L. Whiteaker
Peter Sokolov

Ted S. Moninski II, Executive Director

Susan M. Knowles, Commissioner (Appointed October 1, 1975 - current term ends November 1, 1993): Vassar College (BA) Political Science; University of Alaska (MBA) Business Administration - Finance; Chairman, Alaska Public Utilities Commission (January 8, 1988-Present); Federal-State Joint Board (CC 83-1376); President, First Vice President, and Second Vice President - National Association of Regulatory Utility Commissioners (NARUC) (1982-1985); Executive Committee - NARUC (1982-Present); Committee on Communications - NARUC (1987-Present); Committee on Gas - NARUC (1976-1987); Fellow - Council on Economic Regulation (1986-Present); Board of Directors - National Regulatory Research Institute (1982-1985); Advisory Council - Gas Research Institute (1978-1984); President, Vice President, Secretary Treasurer, Executive Committee - Western Conference of Public Service Commissions (1977-1982); Community Enterprise Development Corporation; property investment finance manager; restaurateur; born December 4, 1946, New York, New York; married, three children.

Carolyn S. Guess, Commissioner (Appointed October 1, 1975 - current term ends November 1, 1993): College of William & Mary (BA); Acting Chairman, APUC (1987-1988); Chairman, APUC (1981-1986); Acting Executive Director, APUC (1979); Committee on Administration, National Association of Regulatory Utility Commissioners (1979-present); Board of Directors, National Regulatory Research Institute (1985-present); Vice Chairman of Alaska Educational Broadcasting Commission (1972-1975); born September 24, 1934, Montclair, New Jersey; four children.

Louis E. Agi, Commissioner (Appointed February 7, 1983 - current term ends October 31, 1988): Columbia College (BA) Experimental Psychology, 1963; New York University School of Law (LL.B.), 1966; Assistant Attorney General, State of Alaska ; Assistant District Attorney, Third Judicial District; District Attorney, Second Judicial District; private practice; admitted to practice in Alaska, Florida, and New York; born June 11, 1941, New York, New York; married, one child.

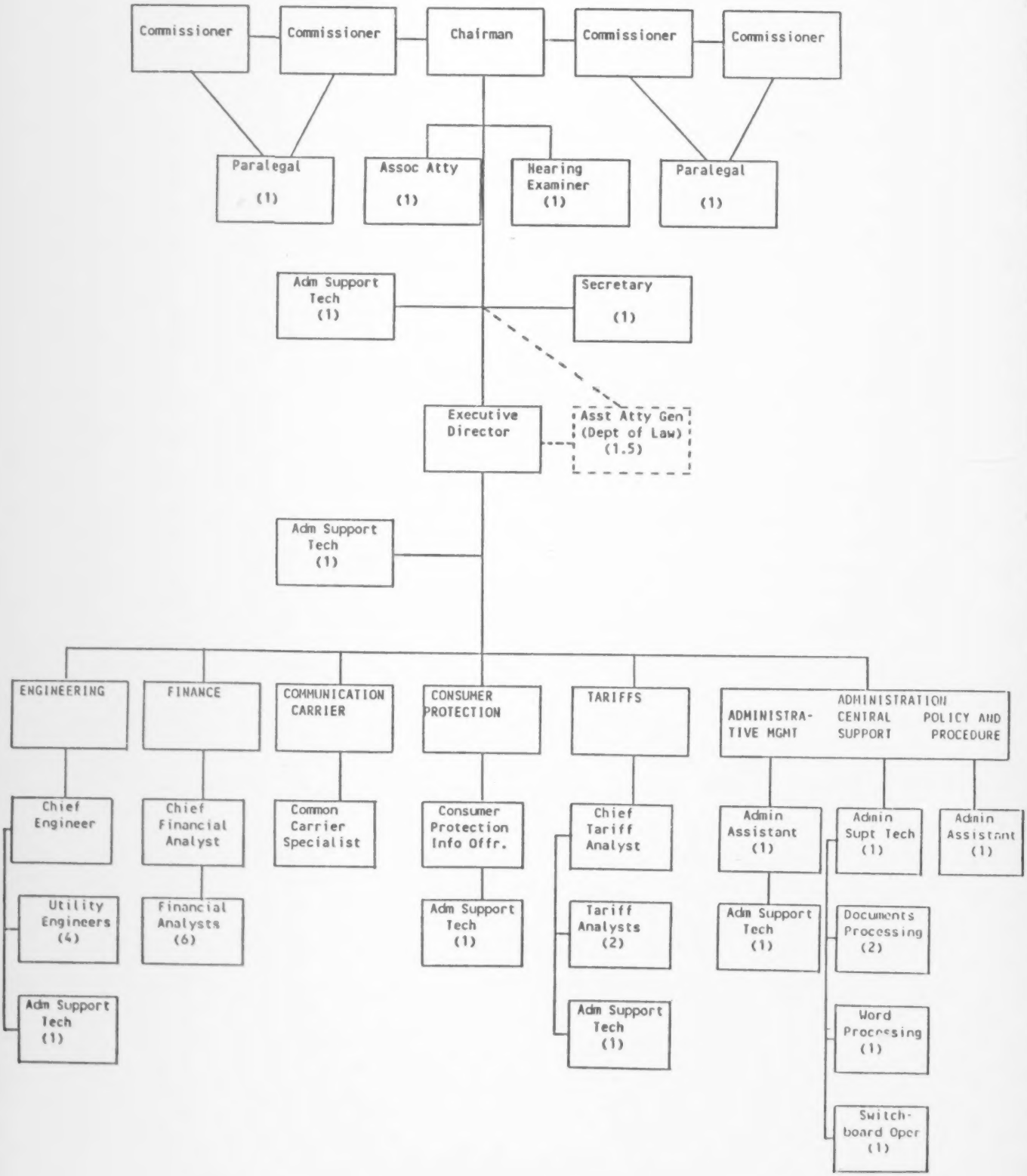
Kathleen L. Whiteaker, Commissioner (Appointed January 15, 1985 - current term ends October 31, 1992): Ohio University (BBA) Accounting, 1973; Certified Public Accountant, Alaska and Ohio; Committee on Finance & Technology - National Association of Regulatory Utility Commissioners (NARUC); Communications Committee - Western Conference of Public Service Commissions; Chairman, Federal Communications Commission Joint Board Staff (1983-1985); Chief, Communications Common

Carrier Section - Alaska Public Utilities Commission (1982-1985); Chief, Finance, Accounts and Tariffs Section - Alaska Public Utilities Commission (1978-1982); Price Waterhouse & Co., Certified Public Accountants (1973-1978); Director, Pacific Sports, Inc.; born July 27, 1951, Cleveland, Ohio; married.

Peter Sokolov, Commissioner (Appointed July 16, 1987 - current term ends October 3, 1990): Northwestern University (MS) Electrical Engineering; University of Connecticut (MBA); Registered Professional Engineer in Alaska and New York; District Engineering Manager, New York Telephone (1971-1976); Chief Engineer - Alaska Public Utilities Commission (1979-1987); Staff Subcommittee on Engineering - NARUC; born June 29, 1936, Leghorn, Italy; married.

Ted S. Moninski II, Executive Director (Assumed position on May 1, 1986); Deputy Director, Alaska Public Utilities Commission (1981 until 1986); University of Alaska, Anchorage (BA) Economics; Area Court Administrator, First Judicial District; Assistant Area Court Administrator/Clerk of Court, Third Judicial District (1975-1981); Member, American Society for Public Administration; Member, National Association for Court Administration; Fellow, Institute for Court Management; Member, Municipal Budget Advisory Commission, Municipality of Anchorage.

ALASKA PUBLIC UTILITIES COMMISSION ORGANIZATION CHART



ALASKA PUBLIC UTILITIES COMMISSION

OPERATING BUDGET FY87-FY88

APPROPRIATIONS	FY87	FY88
70100 PERSONAL SERVICES	$ 2,225,800	$ 2,113,600
70200 TRAVEL - GENERAL FUND	16,600	18,660
70200 TRAVEL - PROG RECEIPTS	30,000	10,000
70300 CONTR - GEN FUND	263,400	307,030
70300 CONTR - PROG RECEIPTS	965,300	1,235,000
70400 COMMODITIES	25,000	21,000
70500 EQUIPMENT	4,100	3,910
TOTALS	$ 3,530,200	$ 3,709,500

EXPENDITURES		
70100 PERSONAL SERVICES	$ 2,225,300	$ 2,103,410
70200 TRAVEL - GENERAL FUND	14,820	18,490
70200 TRAVEL - PROG RECEIPTS	18,730	8,940
70300 CONTR - GEN FUND	259,050	307,030
70300 CONTR - PROG RECEIPTS	678,580	867,320
70400 COMMODITIES	24,110	20,800
70500 EQUIPMENT	4,060	3,910
TOTALS	$ 3,224,650	$ 3,329,900

REVENUE RECEIPTS[1]		
GENERAL FUND:	$ 2,318,900[2]	$ 16,800
PROGRAM RECEIPTS:	2,467,100[2]	100,400
TOTAL RECOVERED	$ 4,786,000	$ 117,200

[1]The Commission receives revenues under various provisions of its statutes including application fees (AS 42.05.661/-AS 42.06.607), copying and postage charges (AS 42.05.201), and allocating costs of a proceeding (AS 42.05.651/AS 42.06.610).

[2]The Commission received payment in FY87 of its Phase I cost allocation in in the tariff investigations involving the Trans Alaska Pipeline System.

STATUTES AND REGULATIONS

The Statutes.

The Alaska Public Utilities Commission was created in 1959 under the Alaska Public Utilities Commission Act (AS 42.05) and, since 1970, has been a full-time administrative agency charged with the duty of regulating public utilities within the State. The jurisdiction of the Commission extends to electric, gas, refuse (garbage), sewer (wastewater), steam, telecommunications (cable television, local exchange, interexchange, and radio common carrier service), and water public utilities as defined by the Act. In 1981 the Legislature amended the Alaska Pipeline Commission Act (AS 42.06) to merge the Alaska Pipeline Commission into the Alaska Public Utilities Commission, and the Commission's jurisdiction was extended to pipeline carriers and pipelines.

The Commission is comprised of five commissioners appointed by the Governor and confirmed by the Legislature for six-year terms of office. In addition to the business, engineering, and law members, there are two consumer members of the Commission, and the Commission is empowered to employ personnel to assist it in the performance of its duties.

The Commission is responsible for making or requiring just, fair, and reasonable rates, classifications, regulations, practices, services, and facilities for public utilities and pipeline carriers. The Commission has the authority to investigate, hold hearings, prescribe systems of accounts, determine depreciation rates, require the filing of reports, adopt regulations, and take other lawful actions necessary to accomplish the stated purposes of AS 42.05 and AS 42.06. The Commission also determines the eligibility of electric utilities for power cost equalization and the kilowatt-hour subsidy amount under the provisions of AS 44.83.162 -- 44.83.164. The Commission is also empowered under AS 31.15.010 -- 31.15.050 to determine if there has been unjust and unreasonable discrimination in purchase of oil offered for purchase within the State.

Under AS 42.05.221, a public utility providing service for compensation to more than ten customers is required to obtain a certificate of public convenience and necessity from the Commission.[1] A certificate describes the nature and extent of authority granted to a public utility, including a description of the authorized service area and the

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[1]Electric and telephone utilities grossing less than $50,000 are not required to be certificated unless 25 percent of their customers petition the Commission for regulation. AS 42.05.711(e).

scope of operations of the utility. Under AS 42.05.241 no certificate may be issued unless the Commission finds that the service is required for the convenience and necessity of the public and that the applicant is fit, willing, and able to provide the utility service requested. Similarly, pipeline carriers subject to the Commission's jurisdiction must secure a certificate of public convenience and necessity. A certificate for pipeline carriers generally includes the same information found in a public utility certificate.

A number of certificated utilities are statutorily exempt from economic regulation[2] by the Commission, including:

> (1) public utilities owned and operated by a political subdivision of the State, none of whose utilities is in competition with any other utility, unless the political subdivision elects to

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[2]Economic regulation is defined in 3 AAC 48.820(43) as meaning that the Commission's jurisdiction extends to matters concerning rates and charges for public utility or pipeline carrier services, quality of service provided by the utility or pipeline carrier to its customers or shippers, management practices of the utility or pipeline carrier, and customer or shipper complaints concerning the services furnished by a utility or pipeline carrier. The foregoing matters comprise the principal regulatory activities of the Commission other than certificate regulation under AS 42.05.221 -- 42.05.281, to which the indicated utilities remain subject under AS 42.05.711.

be regulated by the Commission[3] (AS 42.-05.711(b));

(2) garbage utilities with annual gross revenues of less than $200,000, unless 25 percent of the customers or customers paying 25 percent of a utility's gross revenues have petitioned the Commission for regulation (AS 42.05.-711(i));

(3) cable television utilities, unless 25 percent of the customers petition the Commission for regulation (AS 42.05.711(k)); and

(4) electric and telephone utilities with gross revenues of less than $50,000 are exempt from both certification requirements and economic regulation, unless 25 per cent of their customers petition for regulation.

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[3]The Anchorage municipal utilities and the Tlingit-Haida Regional Electrical Authority are the only utilities operated by a political subdivision subject to economic regulation.

AS 42.05.711 also defines other utilities which may, under terms specified in AS 42.05.712, elect to become economically deregulated by the Commission. Utilities which may elect to deregulate are

> (1) electric or telephone utilities with annual gross revenues of less than $325,000 (AS 42.05.711(f));
>
> (2) utilities, other than electric or telephone utilities, with annual gross revenues of less than $100,000 (AS 42.05.711(g)); and
>
> (3) cooperative utilities organized under AS 10.25 (AS 42.05.711(h)).

In a deregulation election at least 15 percent of a utility's customers must return ballots. If a majority of those returning ballots vote for deregulation, the utility is exempt from economic regulation by the Commission.

The Commission is also empowered under AS 42.05.711(d) to exempt a utility from all or a portion of AS 42.05 on a finding that no legitimate public purpose would be served by regulating the utility or requiring it to comply with some aspect of the Commission's statutes or regulations. Under this provision, the Commission has exempted a number of small utilities from ratemaking regulation and, further, has allowed competitive provision of radio common

carrier services without ratemaking or other tariff review. Competition in refuse collection services, with potential economic deregulation, has also been introduced in a number of areas around the State.

Regulations.

As provided for under AS 42.05.151, the Commission has adopted regulations necessary and proper to carry out the duties assigned to it by statute. The Commission's regulations are set out in the Alaska Administrative Code at Title 3, Part 5, Chapter 48 (Practice and Procedure); Chapter 49 (Deregulation); Chapter 50 (Energy Conservation); and Chapter 52 (Operation of Public Utilities).

SYNOPSIS OF COURT APPEALS

At this time eight appeals of Commission decisions are pending before the courts, and two cases are pending before Federal regulatory agencies.

Superior Court

City of Kenai v. APUC. The City of Kenai appealed the Commission's decision regarding cost reimbursement for relocation of utility facilities. Briefs have been filed and oral argument is scheduled for October 24, 1988.

Stepanov and Effler v. APUC. This case involves the Commission's decisions regarding Homer Electric Association, Inc.'s tariff for line extensions and its effect on preexisting contracts of the two developers and the utility. Oral argument was held on August 19, 1988; however, due to communication problems, the court recessed the hearing and has not rescheduled it.

Anchorage Telephone Utility v. APUC. Anchorage Telephone Utility (ATU) appealed the Commission's decision in the toll dispute between ATU and Alascom, Inc. (Alascom), in which the Commission determined that ATU must pay approximately $22 million to Alascom. Briefing has been completed, but oral argument has not been scheduled.

Cook Inlet Pipe Line Company v. APUC. Cook Inlet Pipe Line Company (CIPL) appealed the Commission's decision

which established a methodology for regulating the pipeline. Briefing has been completed, but oral argument has not been scheduled.

Alaska Consumer Advocacy Program v. APUC and Alascom, Inc. The Alaska Consumer Advocacy Program appealed the Commission's decision in Docket U-83-53 regarding treatment of the transitional supplement paid by American Telephone & Telegraph to Alascom. Briefing has been completed, but oral argument has not been scheduled.

Golden Valley Electric Association, Inc. v. APUC. Golden Valley Electric Association, Inc. (GVEA), appealed the Commission's determination of GVEA's avoided cost under which the utility must purchase energy from a cogenerator pursuant to the Public Utility Regulatory Policies Act of 1978. This appeal was stayed pending conclusion of Docket U-85-3.

Channel Sanitation Corporation v. APUC. Channel Sanitation Corporation appealed the Commission's decision which issued a certificate of public convenience and necessity to Juneau Sanitation Corporation. Briefing has not been scheduled.

Also before the Superior Court is a complaint for declaratory relief in *Carr Gottstein v. APUC* in which the complainant is asking the Court to declare as unlawful the Commission's practice regarding interim, refundable rate increases with regard to rate redesign.

Federal Regulatory Agencies

Petition for Declaratory Order by Cook Inlet Pipe Line Company (CIPL) before the Federal Energy Regulatory Commission (FERC). CIPL filed a petition for declaratory order and motion for summary disposition before FERC as to the lawfulness of the intrastate rates established by the APUC. Briefing has been completed, and a decision from FERC is pending.

Petition for Declaratory Ruling by Alascom, Inc., Regarding Intrastate Private Lines before the Federal Communications Commission (FCC). Alascom, Inc., requested that the FCC issue a declaratory ruling for clarification of jurisdictional issues associated with the provision of private line services connecting State of Alaska offices in Juneau and Anchorage. Comments have been submitted, and FCC decision is pending.

Court Actions Completed in FY88

Wasilla Refuse, Inc. v. APUC. The Superior Court for the Third Judicial District issued a Memorandum of Clarification of its earlier opinion which stated: economic regulation under AS 42.05.711(i) is constitutional; the Commission must subject all carriers which exceed the $200,000 gross revenue threshold to economic regulation or exempt all carriers exceeding the $200,000 threshold from economic regulation; Wasilla Refuse, Inc. (WRI), cannot unilaterally cease service without Commission approval,

but the Commission may not refuse WRI the right to cease service on the basis that WRI must provide carrier of last resort functions.

Homer Electric Association, Inc. v. APUC. The Alaska Supreme Court determined that the Commission acted reasonably and within its statutory authority in excluding lobbying expenditure as part of a utility's revenue requirement under AS 42.-05.381(a); the Commission erred in allocating as part of its costs those fees attributable to services performed by the Attorney General's Office; and that it was an abuse of discretion for the Commission to allocate 100 percent of the costs to Homer Electric Association, Inc., without a more individualized consideration of the facts of the particular case.

Chugach Electric Association, Inc. v. APUC. Chugach Electric Association, Inc., appealed the Commission's decision regarding allocation of reserve capacity between all requirements customers and partial requirements customers. This appeal was dismissed by stipulation of the parties.